100th Congress
1st Session

COMMITTEE PRINT

WMCP:100-5

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

AMENDMENTS TO H.R. 3

COMPREHENSIVE TRADE POLICY REFORM LEGISLATION

As Reported By the Subcommittee on Trade

Explanation and Comparison With Present Law

MARCH 16, 1987

Prepared for the Use of the Committee on Ways and Means By Its Staff

70-364 O

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, DC 20402

U.S. GOVERNMENT PRINTING OFFICE: 1987

H782-9

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FINDINGS AND ACTIONS REGARDING THE U.S. TRADE DEFICIT AND TRADE DEFICIT REDUCTION

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1. Findings	No provision.	The U.S. is confronted with a fundamental disequilibrium in its trade and current account balances and a rapid increase in its net external debt. This imbalance is a result of numerous factors, including: disparities between the macroeconomic policies of the major trading nations; the large U.S. budget deficit; instabilities and structural defects in the world monetary system; the growth of debt throughout the developing world; structural defects in the world trading system; governmental distortions and barriers; and serious inadequacies in U.S. trade policy. A continuation of these deficits, coupled with a further accumulation of external debt, will seriously undermine the U.S. economy and will continue at a faster rate the already-alarming decline in U.S. industrial and agricultural competitiveness. This will hasten the decline in living standards of workers and consumers and will increase unemployment. Over time, these changes in U.S. economic conditions will bring about world-wide economic disruptions and stagnation of world trade, thus jeopardizing the economic security of the free world. It is therefore essential that the U.S. pursue a broad array of domestic and international policies to ensure future

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		stability in its external trade and to guarantee the continued vitality of America's technological, industrial and agricultural base. These objectives must be the highest priority of U.S. government policy.
2. Presidential action to reduce U.S. trade and current account deficits	No provision.	It shall be the policy of the United States to reduce substantially its trade and current account deficits and to seek to achieve, no later than 1992, a more consistent equilibrium in such accounts, allowing only for reasonable fluctuations during periods of economic expansion or contraction. It shall further be the policy of the United States to maintain a system of reasonably stable exchange rates through greater cooperation and leadership within the international financial system. This will include measures to ensure that the value of the dollar remains at a level designed to maintain the competitiveness of U.S. exports and prevent disruptive surges in U.S. imports. The President is hereby directed by the Congress to use all appropriate powers to achieve these objectives, including: i. recommending to the Congress appropriate changes in fiscal, regulatory or general economic policy; ii. greater efforts to coordinate economic and monetary policy with major U.S. trading partners;

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		iii. more effective use of trade policy measures (including those authorized under this Act) to expand markets for U.S. exports, discipline unfair trade policies of other nations and negotiate a more open world trading system; iv. better management of Third World debt. In enacting future legislation, the Congress shall give the highest priority to the policy objectives of this Act, and shall give high priority to Presidential recommendations which further such objectives. The President shall report to the Congress on an annual basis, in conjunction with his annual trade policy statement as to his progress in reducing the trade deficit -- whether he is achieving the goals of deficit reduction and if not, why not.

ENFORCEMENT OF UNITED STATES RIGHTS UNDER TRADE AGREEMENTS AND RESPONSE TO CERTAIN FOREIGN TRADE PRACTICES (SECTIONS 301-306, TRADE ACT OF 1974)

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1. Authority of the President and the USTR	The USTR receives and reviews petitions filed, determines whether to initiate investigations, conducts the factual investigation (based on a petition or self-initiation), represents the United States in consultations and dispute settlement proceedings with foreign governments, and recommends to the President what action, if any, he should take under section 301. The President determines whether section 301 action is appropriate and, if so, decides and implements the action to be taken. No statutory determination is required by the President as to whether section 301 criteria are met by the particular foreign act, policy, or practice under investigation.	Transfers to the USTR the authority to determine whether and what section 301 criteria are met by the particular foreign act, policy, or practice. Requires a statutory determination in all cases. If affirmative determination, USTR makes recommendation to the President on what action he should take. The President retains the authority to determine and implement section 301 action, if any. Effective date: Petitions filed and investigations self-initiated on or after date of enactment, and before enactment if USTR has not already made a recommendation to the President.

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2. Section 301 authority		
a. Mandatory/ discretionary action	If the President determines under section 301(a) that action is appropriate: (1) to enforce U.S. rights under any trade agreement; or (2) to respond to any act, policy, or practice of a foreign country that (a) is inconsistent with the provisions of, or otherwise denies U.S. benefits under, any trade agreement, or (b) is unjustifiable, unreasonable, or discriminatory and burdens or restricts U.S. commerce, then the President: (a) shall take all appropriate and feasible action within his power to enforce such rights or to obtain the elimination of the act, policy, or practice; and (b) may (1) suspend, withdraw, or not apply trade agreement concessions; and (2) impose duties or other import restrictions on the products of, and fees or restrictions on the services of, the foreign country for such time as he deems appropriate; and (c) may also restrict the terms and conditions, or deny issuance, of any prospective service sector access authorization (e.g., licenses).	Mandatory action: Requires the President to take retaliatory action under section 301(b) and/or (c), and to take all other appropriate and feasible action within his power to enforce U.S. rights or to obtain the elimination of the act, policy, or practice if the President determines on his own motion, or if the USTR determines under section 304(a) that— U.S. rights under a trade agreement are being denied, or an act, policy, or practice of a foreign government either (1) violates or is inconsistent with or otherwise denies U.S. benefits under a trade agreement, or (2) is otherwise "unjustifiable" and burdens or restricts U.S. commerce. The form of retaliatory action is discretionary, but the amount must be equivalent in value to the burden or restriction imposed, and not otherwise eliminated, by the foreign unfair practice on U.S. goods or services. Exceptions. Retaliation would not be required if: (1) The GATT Contracting Parties determine or a GATT panel reports that U.S. trade agreement rights are not being denied or the act, policy, or practice is not a violation of, or inconsistent with, U.S. rights or does not deny,

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		nullify, or impair trade agreement benefits; or (2) The President finds that-- (a) the foreign country is taking satisfactory measures to grant U.S. trade agreement rights; (b) the foreign government has entered into an agreement to eliminate or phase out the act, policy, or practice, or has agreed to an imminent solution to remove the burden or restriction on U.S. commerce that is satisfactory to the President; (c) it is impossible for the foreign country to achieve the results under (a) or (b), but it enters into an agreement to provide the United States compensatory trade benefits that are satisfactory; or (d) such action is not in the U.S. national economic interest because it would result in such interests being more adversely affected if action were taken than if not, and the President reports the reasons to the Congress. Discretionary action: The President would retain his discretionary authority under present law to act, if he determines it is appropriate, in cases involving "unreasonable" or "discriminatory" practices which do not violate U.S. international legal rights. The form of any retaliatory action is discretionary, but preference must be given to tariff increases or removal of tariff preferences over quantitative restrictions; consideration must be given

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		to a possible timetable for transferring any quota retaliation to an equivalent tariff. Effective date: Petitions filed and investigations self-initiated on or after date of enactment, and before date of enactment if USTR has not already made a recommendation to the President.
b. Clarification of GSP authority	Section 301(a) authorizes the President to take all appropriate and feasible action within his power; section 301(b)(2) authorizes imposition of duties. Section 504, Trade Act of 1974, authorizes the President to withdraw, suspend, or limit GSP duty-free treatment with respect to any article or country.	Amends section 301(b) by adding specific authority for the President to withdraw or not proclaim GSP beneficiary status to a developing country or to deny GSP duty-free treatment to any product of a beneficiary developing country as a form of section 301 action. Effective date: Petitions filed and investigations self-initiated on or after date of enactment, and before enactment if USTR has not already made a recommendation to the President.
c. Scope of action	Section 301(a) authorizes the President to act with respect to any goods or sector without regard to whether those goods or sector were involved in the act, policy, or practice.	Requires the President to give first consideration to action on the same goods or sector and, in any compensation agreement, to seek benefits from the foreign country on the same goods or sector.
3. Actionable foreign acts, policies, or practices		
a. U.S. trade with third countries	Unjustifiable, unreasonable, or discriminatory foreign acts, policies, or practices must also burden or restrict U.S. commerce to be actionable under section 301(a).	Makes explicit present administrative practice that the burden or restriction of an act, policy, or practice on U.S. commerce actionable under section 301 may be an effect on U.S. trade with third countries as well as on bilateral trade.

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		Effective date: Petitions filed and investigations self-initiated on or after date of enactment, and before enactment if USTR has not already made a recommendation to the President.
b. Worker rights	Section 301(e) defines "unreasonable" as foreign acts, policies, or practices not necessarily in violation of or inconsistent with U.S. international legal rights, but otherwise deemed to be "unfair and inequitable." The definition specifically includes denial of fair and equitable market opportunities, opportunities for establishment of an enterprise, and provision of adequate and effective protection of intellectual property rights.	Includes in the definition of "unreasonable" any act, policy, or practice that denies to workers the right of association; denies to workers the right to organize and bargain collectively; permits any form of forced or compulsory labor; fails to provide a minimum age for employment of children; and, taking into account the country's level of economic development, fails to provide standards for minimum wages, hours of work, and occupational safety and health. USTR may determine that the act, policy, or practice does not exist if the foreign country has taken or is taking steps that demonstrate significant and measurable overall advancement to afford such rights, including in any designated zone of such country. Effective date: Petitions filed and investigations self-initiated on or after date of enactment, and before enactment if USTR has not already made a recommendation to the President.
c. Reciprocity	Same as under b. above.	Explicitly provides that in determining whether an act, policy, or practice is "unreasonable," reciprocal opportunities in the U.S. for foreign nationals and firms shall be taken into account as appropriate.

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d. Export targeting	Applies to particular export targeting practices to the extent they meet section 301 criteria, but not to those practices which are not recognized as "unfair."	Makes "export targeting" specifically actionable under section 301 if the USTR determines that a policy or practice of foreign export targeting exists and is, or threatens to be, a significant burden or restriction on U.S. commerce. The USTR may consult with appropriate Federal agencies in making the determination. The USTR must publish notice of the determination in the Federal Register. "Export targeting" is defined as "any government plan or scheme consisting of a combination of coordinated actions, whether carried out severally or jointly, that are bestowed on a specific enterprise, industry, or group thereof the effect of which is to assist such enterprise, industry, or group thereof to become more competitive in the export of any class or kind of merchandise." The President is required to take all appropriate and feasible action within his power to obtain the elimination of export targeting which is a significant burden or restriction on U.S. commerce, unless such action is not in the U.S. national economic interest because it would result in such interests being more adversely affected if action were taken than if not, and the President reports the reasons to the Congress. If the national economic interest waiver is exercised, the President must convene a private sector panel of experts, including representatives of the domestic industry and labor, to advise on measures to promote the industry's competitiveness. The panel must report to the President

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		within 6 months; the President must forward the report to the Congress with his recommendations. Action is discretionary if the export targeting threatens to be a significant burden or restriction on U.S. commerce. Action may be: (1) Retaliation under section 301(b) and/or (c) against the goods or services of the foreign country; and/or (2) Entry into an agreement providing an imminent solution by the foreign country to the significant burden or restriction on U.S. commerce, or compensatory trade benefits satisfactory to the President. In addition the President may propose administrative actions and/or legislation to implement non-trade measures to restore or promote the international competitiveness of the domestic industry. Any retaliatory action shall affect goods or services of the foreign country in an amount equivalent in value to the burden or restriction on U.S. goods or services not otherwise eliminated. Any action shall, to the extent possible, reflect the full benefit level of the targeting to the beneficiary over the period during which it has an effect. Effective date: Petitions filed and investigations self-initiated on or after date of enactment, and before enactment if USTR has not already made a recommendation to the President.

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4. Time limits		
a. Investigations and recommendations	Section 304 requires the USTR to make a recommendation to the President on what section 301 action he should take, if any, not later than-- 7 months after initiation of the investigation if the petition alleges only an export subsidy covered by the GATT Subsidies Agreement; 8 months after initiation of the investigation if the petition alleges a domestic subsidy or both export and domestic subsidies covered by the GATT Subsidies Agreement; 30 days after the dispute settlement procedure is concluded if the petition involves a trade agreement other than the Subsidies Agreement; or 12 months after initiation of the investigation in any other case. These time limits may be extended by up to 90 days if the request under section 303 for foreign consultations was delayed.	Amends the time limits to require the USTR to determine whether section 301 criteria are met and to make recommendations to the President not later than-- 7 months after initiation of the investigation if only an export subsidy is alleged (i.e., no change); 8 months after initiation of the investigation if a domestic subsidy or both domestic and export subsidies are alleged exclusively (i.e., no change); 30 days after conclusion of dispute settlement or 18 months after initiation of the investigation, whichever occurs first, if a trade agreement other than the Subsidies Agreement is involved; or 12 months after initiation of the investigation in any other case, unless export targeting is alleged. In export targeting cases, the USTR must make a determination within 6 months after initiating an investigation and make a recommendation to the President within 12 months. (These time limits may be extended by up to 90 days to conform to any period of delay in the request for foreign consultations.)

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		Effective date: Petitions filed or investigations self-initiated on or after date of enactment.
b. Presidential actions	Section 301(d)(2) requires the President to determine within 21 days after he receives a recommendation from the USTR under section 304 what action, if any, he will take under section 301. The President may also decide under section 301(d)(1) to take section 301 action on his own motion.	Requires the President to determine and implement any section 301 action within 30 days after the date he receives the recommendation of the USTR under section 304. The President may delay implementation of any retaliatory action for up to 6 months if: (1) the petitioner or the domestic industry requests a delay, or (2) the President determines that substantial progress is being made or that delay is necessary or desirable to obtain U.S. rights or to achieve a satisfactory solution with respect to the act, policy, or practice. Amends section 301(d)(2) to require the President to publish promptly in the Federal Register notice of each determination on action, each delay in implementing action, and the reasons for the determination or delay. Effective date: Petitions filed and investigations initiated on or after date of enactment, and before enactment if USTR has not already made a recommendation to the President.

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5. Procedural requirements		
a. Obtaining information	Section 302 investigatory procedures do not contain any statutory provisions with respect to the obtaining, verification, or use of information obtained by USTR for making determinations.	Adds provisions applicable to all initiated investigations which (1) require USTR to direct appropriate inquiries to foreign governments or enterprises to obtain relevant information; (2) authorize USTR to request the foreign government to provide documentation or permit verification of the information as the USTR deems appropriate; and (3) authorize the USTR to disregard all or part of the foreign country information and use best information available if the foreign information is not timely, complete or adequate, or is not sufficiently documented or verified. Effective date: Date of enactment.
b. Consultations delay	The USTR may delay the request required by section 303 for consultations with the foreign government for up to 90 days after an investigation is initiated in order to verify or improve the petition to ensure an adequate basis for consultations.	The USTR must consult with the petitioner before deciding to delay consultations with the foreign government. Effective date: Date of enactment.
c. Obtaining views	Before making a recommendation to the President on what section 301 action, if any, he should take, section 304(b) requires the USTR, unless he determines expeditious action is required, to afford an opportunity for the presentation of views, including a public hearing if requested by any interested person, and to obtain advice from appropriate private sector advisors. USTR may request ITC views regarding the probable impact on the economy of taking action. If expeditious	The USTR must provide a minimum 30-day advance notice for the presentation of views by interested persons. In export targeting cases, the USTR must also consult with representatives of the affected U.S. industry and workers and other interested persons concerning the nature of appropriate remedial action, including possible non-trade measures to enhance the international competitiveness of the industry.

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	action is required, these requirements apply after making the recommendation to the President. No definition of "interested persons."	Adds a definition of "interested persons" for purposes of presenting views on Presidential actions on his own motion, on the issues raised in petitions, on USTR recommendations to the President, and on modifications or termination of actions. "Interested persons" specifically includes, but is not limited to, domestic firms and workers, representatives of consumer interests, and U.S. product exporters that may be affected. Effective date: Petitions filed and investigations self-initiated after date of enactment, and before enactment if USTR has not already made a recommendation to the President.
d. Consideration of agricultural impact	No explicit provision. President determines whether section 301 action is appropriate; private sector has opportunity to present views before USTR recommends action, unless expeditious action is taken.	The President must, before determining to take section 301 action which would restrict imports, take into account the likely impact such action would have on U.S. agricultural exports. The public notice required under section 301(d) of the President's action determination must include a statement regarding the likely impact, if any, of an import-restricting action on U.S. agricultural exports. Effective date: Petitions filed and investigations self-initiated on or after date of enactment, and before enactment if USTR has not already made a recommendation to the President.
e. Reporting and notice requirements	If the President determines to take action on his own motion, section 301(d)(1) requires he publish notice in the Federal Register and provide an opportunity for presentation of views, unless expeditious action is required.	Conforms public comment provisions to those in petition cases, i.e., a public hearing (after 30 day notice) if requested, before taking action unless expeditious action is required, or after action if expeditious action is required.

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	Section 301(d)(2) requires the President to publish notice of his determination and the reasons in the Federal Register.	Adds requirement that the President report promptly in writing to the Congress on each action taken or the reason for taking no action on practices subject to mandatory action and on export targeting. Effective date: Petitions filed and investigations self-initiated on or after date of enactment, and before enactment if USTR has not already made a recommendation to the President.
6. Subsequent actions		
a. Commercial effects report	Section 306 requires a semiannual report to the Congress describing petitions filed, determinations made, actions taken or reasons for no action, and the current status of cases.	Adds requirement that the report describe the commercial effects of recent section 301 actions.
b. Monitoring/ enforcement of foreign actions	No explicit provision.	USTR must monitor implementation of any measures, or compliance with any agreement, by a foreign country to grant U.S. rights, to eliminate or phase out the act, policy, or practice or to remove its burden or restriction on U.S. commerce, or to provide compensatory benefits. If the foreign country is not implementing or complying, USTR shall recommend to the President what action, if any, he should take under section 301, to be treated as if it were a recommendation under section 304 (i.e., section 301 authorities, time limits, consultations, and reporting requirements shall apply). Before making a recommendation, USTR shall consult with the petitioner or domestic industry, provide an opportunity for public views, and obtain advice from appropriate advisory representatives.

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c. Modification/ termination	No explicit provision.	Specifically authorizes the President to modify or terminate a section 301 action at any time if: (1) the GATT or a GATT panel finds the action violates or is inconsistent with U.S. international obligations or the foreign act, policy, or practice is not a violation or does not otherwise deny, nullify, or impair trade agreement benefits; or (2) the President determines (a) the foreign act, policy, or practice is being eliminated or phased out satisfactorily; (b) the action is not effective in enforcing U.S. rights or eliminating the burden or restriction on U.S. commerce; or (c) continuation of the action is not in the national economic interest. USTR must conduct a biennial review and assessment of the results and commercial effects of each section 301 action and recommend to the President any modifications or termination considered appropriate, after consultations with the petitioner and other interested persons affected and providing an opportunity for public views. The President must promptly publish and report to the Congress any modification or termination and the reasons. Effective date: Date of enactment.

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7. Mandatory negotiations and action regarding foreign countries having excessive and unwarranted trade surpluses with the United States	No specific provisions mandate reductions in the trade surpluses of countries that maintain patterns of unfair trade policies or practices. Section 301 authorizes the President to take actions against such specific practices or policies.	a. Determination of trade surplus countries (1) Excessive Surplus Determination. The ITC must make an annual determination as to whether any "major U.S. trading partner" (countries with more than $7 billion in trade with the U.S. in 1985 adjusted annually thereafter) maintains an "excessive trade surplus" (a ratio of bilateral nonpetroleum exports over nonpetroleum imports of 175 percent; a total bilateral nonpetroleum surplus with the United States in excess of $3 billion; and a global trade surplus). No ITC determinations are required if the U.S. merchandise trade deficit is less than 1.5 percent of GNP. (2) Unwarranted Surplus Determination. Within 15 days after the ITC determination, the USTR must determine whether any "excessive surplus" country maintains a pattern of unjustifiable, unreasonable or discriminatory trade policies or practices that have a significant adverse effect on United States commerce and contribute to the excessive trade surplus of that country, based upon section 181 annual report, findings under section 301 or antidumping and countervailing duty laws, and other relevant information (including GATT findings). b. Negotiations and agreements to achieve elimination or reduction of unwarranted practices The USTR is required to enter into negotiations with each excessive and unwarranted surplus country. The purpose

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		of such negotiations is to achieve a more balanced and reciprocal bilateral trading relationship through an arrangement which: (1) substantially reduces such country's "unwarranted" policies, or (2) substantially reduces the effects of such policies on U.S. commerce. In determining whether such an arrangement is satisfactory, USTR shall, the extent possible, estimate the commercial value of such country's "unwarranted policies" and shall be satisfied that the arrangement will allow U.S. firms a realistic opportunity to improve their share of bilateral trade by such an amount.
		c. Action by USTR if no satisfactory agreement is reached If, after 6 months (with a 2-month extension for compelling reasons) USTR is unable to conclude a satisfactory arrangement, then it shall immediately take action against all unjustifiable, unreasonable or discriminatory policies or practices found to exist (either during its initial determination of "unwarranted surplus countries" or during negotiations) in an amount equivalent to the burden or restriction caused by these policies or practices. USTR could take any of the following actions: (1) Suspend, withdraw, or prevent the application of trade agreement concession benefits with that country. (2) Direct customs officers to assess duties or impose other import

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		restrictions on the products of that country for such time, in such an amount, and to such a degree as USTR determines appropriate. (3) Take any other action authorized under existing law.
		d. Waiver authority USTR would be permitted to waive retaliatory action against some or all of the foreign "unwarranted policies" if: (1) in the case of unjustifiable policies or practices, it determines that retaliation would cause substantial harm to the national economic interests of the U.S. (this would be a tougher standard than the national economic interest test under section 301). (2) in the case of other practices (unreasonable, discriminatory) the economic harm of retaliation would be greater than the harm caused by the foreign policy or practice (the same as 301 for unjustifiable cases). Either waiver would allow USTR to consider the effects of retaliation on a debtor country and factor that into a national economic interest determination. In any waiver, the Congress would have 60 days to disapprove the waiver under the section 151 fast-track.

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		e. Further authorized action against currency manipulation USTR, in consultation with the Treasury Secretary, would also be required to determine whether any "excessive surplus country" is maintaining its currency at an artificially low level in a manner that does not reflect the country's underlying competitive strength in world markets. If he finds affirmative, USTR and Treasury must negotiate with such country to seek a more realistic alignment of its currency. If such negotiations have not achieved a satisfactory result, he is authorized to take the same actions provided under this item (tariffs, quotas, suspension of agreements) including the imposition of an "exchange rate equalization tariff."

ESCAPE CLAUSE RELIEF:
AMENDMENTS TO SECTION 201 OF THE TRADE ACT OF 1974

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1. Transfer of authority from President to USTR	Within 60 days of receiving an affirmative determination from the ITC, the President must provide import relief, unless he determines that such relief is not in the national economic interest.	Transfers the authority to provide import relief from the President to the USTR.
2. Emergency import relief for perishable products	No provision. (Statutory authority for CBI and for the U.S.-Israel Free Trade Area, however, do provide safeguard provisions for perishable products.)	Adds a new provision for fast-track monitoring and provisional relief to be imposed under section 201 on imports of perishable agricultural products.
(a) Procedure	No provision. (Under CBI and the U.S.-Israel FTA, petitioners for import relief on perishable agricultural products may also file a request with the Secretary of Agriculture for emergency relief. Within 14 days the Secretary, after consultation with the USTR, must determine whether there is reason to believe a perishable product from Israel or from a CBI country is being imported in such increased quantities as to be a substantial cause of serious injury to the domestic industry, and recommend to the President emergency relief if warranted. The President must determine within 7 days after receiving the Secretary's recommendation whether to take emergency action restoring the normal rate of duty pending final action on the import relief petition.)	Authorizes the USTR, at industry request, to direct ITC monitoring of imports of a perishable product, if there is a reasonable indication that such industry is vulnerable to serious injury from increased imports. USTR's determination on monitoring must be made within 21 days of a request. The data collected during monitoring (at least 90 days) would enable an expedited ITC preliminary injury determination, 21 days after filing of a section 201 petition. USTR would grant provisional import relief unless it is determined to be not in the national economic interest. Relief could be any form of import relief or suspension of liquidation of entries and posting of bond or security deposit. Relief terminates if ITC finds no serious injury or the USTR denies any import relief at end of investigation.

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(b) Definition of perishable product	(For purposes of CBI and U.S.-Israel FTA, the term "perishable product" includes certain live plants, vegetables, fresh mushrooms, edible nuts or fruits, fresh cut flowers, and concentrated citrus fruits as specified in section 404(e) of the Trade and Tariff Act of 1984.)	USTR has authority to determine whether a product is a "perishable agricultural product" for purposes of fast-track monitoring and relief. Determination is to be based on the facts and circumstances for each product. Factors to consider include: (1) short shelf life; (2) short growing or marketing season; (3) other legislative or administrative designation as perishable (such as CBI or Israel FTA designation); (4) any other factors deemed relevant. Presence or absence of any single factor is not dispositive.
3. Provisional import relief if critical circumstances exist		
(a) Definition of critical circumstances	No provision.	Critical circumstances (CC) exist if there is a substantial increase (absolutely or relatively) in the quantity of an article being imported into the United States over a relatively short period of time such that a delay in the taking effect of import relief would result in harm that would significantly impair the effectiveness of such import relief.

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(b) ITC determination	No provision.	If the petition alleges critical circumstances, and if ITC finds serious injury, then ITC must also determine (at the same time as its injury determination, which is within 4 months of petition) whether there are critical circumstances.
(c) Suspension of liquidation	No provision.	If ITC finds CC, then it shall order immediate suspension of liquidation of all entries of the merchandise under investigation, and may order the posting of a bond or cash deposit.
(d) USTR override	No provision.	If USTR finds, within 7 days of the ITC determination of CC, that provisional import relief is not in the national economic interest despite the finding of CC, then USTR may order the suspension of liquidation to be withdrawn.
(e) Retroactivity of relief measures	No provision.	Any import relief ultimately provided by USTR must be retroactively applied to the date of initial suspension of liquidation. If the USTR decides not to provide import relief, then the suspension of liquidation shall be withdrawn.
4. Determination of "domestic industry"	In determining the domestic industry producting an article like or directly competitive with an imported article, the ITC <u>may</u> —	Changes the "may" with respect to clauses (a) and (b) to "shall, to the extent such information is available."
(a) Domestic production	(a) in the case of a domestic producer which also imports, treat as part of such domestic industry only its domestic production; and	

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(b) Production of like product	(b) in the case of a domestic producer which produces more than one article, treat as part of such domestic industry only that portion or subdivision of the producer which produces the like or directly competitive article.	
5. Statement of proposed adjustment measures	No provision.	Petitioner may submit (voluntary, not mandatory), either with the petition or at any time within 4 months of petition, a statement of proposed adjustment measures. Such statement should include, to the maximum extent feasible, each of the following: (a) an assessment of current problems affecting the industry's ability to compete with imports; (b) recommendations as to either (i) the types of actions that members of the domestic industry (both workers and firms) could undertake during a period of import relief to improve the ability of the industry to compete after relief terminates; or (ii) if relief is sought not to enhance long-term competitiveness but rather to facilitate orderly adjustment, then the types of actions that the domestic industry could undertake to facilitate adjustment to increased import competition; (c) recommendations as to the types of actions that may be taken by Federal agencies or departments to assist the domestic industry's efforts either to enhance its competitiveness or to adjust to import competition;

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		(d) an explanation of how import relief will assist in achieving these objectives. Such statement shall be submitted both to the ITC and to the USTR.
6. Consultation with other members of domestic industry and with government officials	No specific provision. However, any interested party to a section 201 proceeding (which includes other members of the domestic industry, importers, foreign exporters, and government agencies) may appear before the ITC at hearings and/or submit its views on the issues of injury and remedy. Similarly, interested parties may submit their views to the USTR on the issue of whether import relief should be provided.	Petitioner may request an opportunity to consult with other members of the domestic industry and with the USTR (and any other government officials which the USTR deems appropriate) with respect to recommendations likely to be included in its statement of proposed adjustment measures. The purpose of the consultations shall be to consider the adequacy of proposed adjustment measures in the context of any relief which might be provided and thereby enable the petitioner to develop a more effective statement of adjustment measures. If petitioner so requests, USTR must provide such opportunity to consult within a reasonable period of time, prior to the date required for submission of the statement (4 months after filing of petition). The USTR shall provide interested parties with adequate notice of the time and place for such consultations.
7. Confidential submissions	No provision.	ITC shall seek to obtain information, on a confidential basis, from firms in the domestic industry relating to what steps they plan to take to enhance their competitiveness and/or to adjust to import competition. ITC shall share such information with the USTR on a confidential basis.

	Item	Present Law	Subcommittee Proposal
8.	ITC injury determination	No statutory deadline specifically for injury determination. ITC must report both its injury determination and remedy recommendation within 6 months of petition.	ITC must make its injury determination within 4 months of petition.
	(a) Factors to be considered with respect to "serious injury"	ITC must take into account all factors which it considers relevant, including, but not limited to: the significant idling of productive facilities in the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and significant unemployment or underemployment within the industry.	Changes the second factor listed to: "the inability of a significant number of firms to operate domestic production facilities at a reasonable level of profit."
	(b) Factors to be considered with respect to "threat of serious injury"	ITC must take into account all factors which it considers relevant, including, but not limited to: a decline in sales, a higher and growing inventory (whether maintained by domestic producers, importers, wholesalers, or retailers), and a downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry concerned.	Adds three additional factors: a decrease in market share; the extent to which there is diversion of foreign exports to the U.S. market; and, the inability of domestic producers to generate adequate capital to finance modernization of plant and equipment.
	(c) Causation standard of injury	ITC must determine whether increased imports are a substantial cause of serious injury. Substantial cause is defined as a cause no less important than any other cause.	Clarifies that for purposes of determining whether increased imports are a substantial cause of serious injury to a domestic industry or a threat thereof, the Commission should consider the condition of the industry over the course of the relevant business cycle and shall not aggregate the causes of declining demand associated with a recession or economic downturn into a single cause of serious injury.

Item	Present Law	Subcommittee Proposal
9. Trade adjustment assistance	If ITC recommends import relief, the President must evaluate the extent to which trade adjustment assistance (TAA) has been made available to workers and firms in the industry, and may direct the Secretaries of Labor and Commerce to expedite consideration of petitions for TAA. If ITC determines that the provision of TAA can effectively remedy the injury and thus recommends TAA instead of import relief, then the President is required to direct the Secretaries of Labor and Commerce to expedite consideration of petitions for TAA.	If ITC makes an affirmative determination of injury, workers and firms within the injured industry would be automatically certified as eligible for benefits under the worker and firm trade adjustment assistance program. (Individual workers and firms would still have to request certification and apply to receive benefits, however.) Automatic eligibility for TAA would last for 3 years from the date of the ITC's serious injury determination.
10. ITC remedy determination		
(a) Standard	If ITC makes an affirmative injury determination, it must then find the amount of the increase in, or imposition of, any duty or import restriction on the article investigated which is necessary to prevent or remedy the serious injury found, or, if ITC determines that TAA can effectively remedy such injury, ITC recommends the provision of TAA.	The ITC would be required to make a determination on remedy within 2 months of its injury determination. If ITC makes an affirmative injury determination, it shall determine what form and amount of relief shall be (a) most effective to prevent or remedy the serious injury and facilitate efforts by the domestic industry to enhance its long-term competitiveness; or (b) if ITC finds that import relief may not necessarily facilitate competitiveness efforts, it determines what form and amount of relief would prevent or remedy the serious injury.

Item	Present Law	Subcommittee Proposal
(b) Factors to consider	ITC is required to find the form and amount of import relief which is necessary to prevent or remedy the serious injury.	In determining what form and amount of import relief is appropriate, the ITC shall consider each of the following factors, and report on each of them in its report: (a) the form and amount of import relief which will prevent or remedy the serious injury; (b) the extent to which import relief in conjunction with actions by the domestic industry (as identified in the statement on proposed adjustment measures and in individual confidential submissions to the ITC) are likely to facilitate adjustment and/or enhance the long-term competitiveness of the domestic industry; (c) the current competitive position of the domestic industry in U.S. and world markets; (d) the trends in conditions of competition (U.S. and global) that are likely to continue in this sector; and (e) the role of this particular industry in the national economy, including its importance to U.S. national economic security interests (industrial base, critical technologies, etc.).

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(c) Remedy options	In determining what type of import relief to recommend, ITC can choose any of the following: (a) tariff increase; (b) tariff-rate quota; or (c) quantitative restriction.	In determining what type of import relief to recommend, ITC can choose any of the following: (a) tariff increase; (b) tariff-rate quota; (c) quantitative restriction; (d) negotiation of orderly marketing agreements; or (e) any combination of the above. If the ITC recommends a quantitative restriction the recommendation shall be to administer it by means of public auction of import licenses, unless ITC finds that such auction system would lead to undesirable economic results (e.g., inequitable distribution of power). (NOTE: USTR still retains ultimate discretion as to whether any quantitative restriction would or would not be subject to public auction.)
11. ITC estimate of effects of import relief on consumers and on domestic economy	In determining whether to provide import relief, and the method and duration of import relief, the President is required to take into account the effect of import relief on consumers (including the price and availability of the imported article and the domestically produced article) and on competition in the domestic markets for such articles.	In its report to USTR, the ITC would be required to estimate the effect of the import relief which it recommended as follows: (a) the effects (either costs or benefits or both) of the relief on consumers of the imported product and consumers of the product generally; (b) the effects (either costs or benefits or both) of the relief on other sectors of the U.S. economy; and (c) the effects (either costs or benefits or both) of the relief on taxpayers, communities, and workers.

Item	Present Law	Subcommittee Proposal
12. USTR decision on import relief	Within 60 days of receiving an affirmative determination from the ITC, the President must provide import relief, unless he determines that relief is not in the national economic interest. The President shall report to Congress on his determination and action.	Within 30 days of the ITC report (60 days in extraordinarily complicated cases), USTR must provide import relief to the extent that, and for such time as, USTR determines necessary to prevent or remedy the serious injury and to facilitate adjustment, unless USTR determines one of the following: (a) the provision of any import relief would threaten our national security; or (b) the economic costs of providing any import relief are so great that they outweigh the economic and social benefits of facilitating adjustment in this domestic industry through the provision of import relief. The USTR shall give weight to the estimates of economic costs and benefits provided by ITC in its report. USTR may not re-examine or question the validity of issues relating to injury which have already been determined by ITC. If USTR's decision on import relief differs in either form or amount from the ITC recommendation, it must submit, along with its decision, a detailed explanation for such difference. Such explanation must account for how any relief provided facilitates efforts by the domestic industry to enhance its long-term competitiveness.

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Item	Present Law	Subcommittee Proposal
(a) Factors to consider	In determining whether to provide relief, and what form and amount of relief, the President is required to take the following factors into account: (a) the extent to which workers are benefitting from adjustment assistance and other manpower programs; (b) the extent to which firms are benefitting from adjustment assistance; (c) the probable effectiveness of import relief as a means to promote adjustment, the efforts being made or to be implemented by the industry to adjust to import competition, and other considerations relative to the position of the industry in the U.S. economy; (d) the effect of import relief on consumers and on competition in the domestic market for such articles; (e) the effect of import relief on the international economic interests of the U.S.; (f) the impact of the costs of compensation or retaliation on U.S. industries and firms; (g) the geographic concentration of imports; (h) the extent to which there is diversion of foreign exports to the U.S. market by reason of foreign restraints; and (i) the economic and social costs which would be incurred by taxpayers, communities, and workers, if relief were or were not provided.	USTR shall consider the same factors; adds as an additional factor "the impact of import relief on agricultural exports."

Item	Present Law	Subcommittee Proposal
(b) Remedy options	If the President decides to provide import relief, he may: (1) proclaim a tariff increase; (2) proclaim a tariff-rate quota; (3) proclaim a quantitative restriction; (4) negotiate, conclude, and carry out orderly marketing agreements; or (5) take any combination of such actions.	In addition to, or instead of, the existing remedy options, USTR may initiate international negotiations to address the underlying cause of the particular import problem (such as global oversupply).
13. Monitoring and periodic review by ITC	So long as any import relief remains in effect, the ITC is required to keep under review developments with respect to the industry concerned, including the progress and efforts made by firms in the industry to adjust to import competition. Upon request of the President, ITC shall make reports to the President concerning such developments.	During the period of relief granted, the ITC would be required to monitor the progress and efforts made by firms in the domestic industry to adjust to import competition and to monitor conditions of competition in the industry, and to report annually thereon to both the Congress and to USTR.
14. Modification/ termination of relief	To the extent feasible, any import relief provided for more than 3 years shall be phased down, with the first reduction of relief taking effect by the end of the third year. The President may extend import relief beyond the 5-year limit at a level no greater than the level in effect at the time of extension. There can be only one extension of relief, to last for up to 3 additional years.	Retains current law and adds new provision which authorizes ITC, either on its own motion or upon request from an interested party, to recommend modifications in either the form or amount of relief (or both) when appropriate — (a) to compensate for changes in currency exchange rates; (b) to prevent or respond to attempts to circumvent the import relief measures;

Item	Present Law	Subcommittee Proposal
	The President may reduce or terminate import relief if he determines that such reduction or termination is in the national economic interest.	(c) to ensure the effectiveness of the import relief in providing adequate opportunity for adjustment; (d) to account for changed circumstances in the domestic economy; (e) to account for actions taken or not taken by the domestic industry to adjust and become more competitive. Any recommendation by the ITC to modify import relief would be forwarded to USTR, and USTR would have 21 days to determine whether to order such modification.

TRADE ADJUSTMENT ASSISTANCE

Item	Present Law	Subcommittee Proposal
1. Worker trade adjustment assistance (TAA)		
(a) Trade readjustment allowances (TRA)	Workers meeting TAA eligibility requirements are entitled to a weekly cash payment (TRA) equal to their most recent unemployment compensation (UC) benefit amount, payable after they exhaust their UC benefits. UC and TRA payments combined are limited to a maximum 52 weeks of unemployment (normally 26 weeks of UC plus 26 weeks of basic TRA). Workers must be enrolled in or have completed an approved job search program, if available, to receive basic TRA. An additional 26 weeks of TRA may be paid to workers to complete training (weeks 52 to maximum 78).	Provides the option to a worker taking a new job paying less than his previous job to collect up to 50 percent of his weekly TRA entitlement as a supplemental wage allowance, limited to an amount which raises his new wage up to 80 percent of his previous wage. A worker would be eligible during the first 52 weeks after he ceases to collect UC benefits (i.e., during weeks 27 to 78 or, if the worker takes a job before his 26 weeks of UC expire, during the first year after he begins the new job. Requires a worker to be enrolled in training or remedial education in order to receive TRA benefits unless, at the time of layoff, the plant did not close permanently. If the plant did not close permanently (i.e., there is some prospect of recall), the worker would receive the first basic 26 weeks of TRA irrespective of whether he is enrolled in training, but must be in approved training to receive any additional TRA during weeks 52 to 78 as under present law.

Item	Present Law	Subcommittee Proposal
(b) Vouchers	No provision. Workers are entitled to payment of the costs of approved training if State agencies determine five statutory criteria are met.	Entitles workers to a voucher administered by the States in an amount not to exceed $4,000 which may be used for payment of the cost of approved training, including on-the-job training (OJT), approved remedial education and approved relocation expenses. The five criteria under present law that each worker must meet to be approved for training continue to apply. Any payment of OJT training costs must be made in equal monthly installments over one year.
(c) State administration	State employment services administer TAA benefits through cooperative agreements entered into with the Secretary of Labor.	Requires State administering agencies to inform workers of all program benefits and procedural requirements at the time they file for unemployment compensation. If at that time the State has reason to believe a worker may be eligible for TAA, it must facilitate early filing of a petition for certification.
2. Financial assistance for training programs	No provision.	Authorizes the Secretary of Commerce to provide grants and loans, not to exceed $1 million per training program, to support training programs administered by educational institutions and firms for approved training of workers eligible for training under TAA. Not more than 30 percent of total available funds may be used for programs to test innovative training methods. The programs would be financed from a Supplemental Training Fund consisting of appropriations plus firm TAA repayments and other receipts.

Item	Present Law	Subcommittee Proposal
3. Funding	TAA is currently funded from general revenues. Worker weekly cash entitlement benefits are not subject to annual appropriations.	USTR must seek GATT agreement to permit imposition of an import fee to finance worker adjustment assistance and, if successful, impose such a fee in an amount not to exceed full costs of the worker TAA program.
4. Adjustment Assistance Trust Fund	Revenues collected from customs duties are deposited in the general fund of the Treasury.	Revenues generated by any import relief granted under section 201 of the Trade Act of 1974, any section 301 actions, and by any auctioning of import licenses under current law (section 1102 of the Trade Agreements Act of 1979) would be deposited in an Adjustment Assistance Trust Fund, for use in worker and firm trade adjustment assistance and community assistance programs, including TAA administrative support. Excess funds remaining in the trust fund at the end of each fiscal year shall be deposited into the general fund of the Treasury as miscellaneous receipts.

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MARKET DISRUPTION BY NONMARKET ECONOMY IMPORTS (AMENDMENTS TO SECTION 406 OF THE TRADE ACT OF 1974)

Item	Present Law	Subcommittee Proposal
Market Disruption	Section 406 of the Trade Act of 1974 authorizes the President to provide temporary import relief (tariffs or quotas) if imports from communist countries are causing market disruption. Market disruption is an injury-based standard; no evidence of unfair trade practices is required, or taken into account.	Amends section 406 to lower the test for establishing market disruption and to take into account foreign unfair trade practices, such as dumping and subsidization.
(a) Transfer of authority	The authority to provide import relief is granted to the President.	Transfers the authority to the USTR.
(b) Eligible countries	Action may be taken under this section 406 with respect to imports from a Communist country (defined as any country dominated or controlled by communism).	Replaces the term "communist country" with the term "non-market economy country," which is defined as "any country in which the government seeks to determine economic activity through central planning rather than reliance on market forces to allocate productive resources."
(c) Test for establishing market disruption	Market disruption exists when imports of an article, like or directly competitive with an article produced by a domestic industry, are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat thereof, to such domestic industry.	Amends the test for determining market disruption to "whether an article is being imported into the U.S. in such increased quantities (either absolutely or relatively) as to be an important cause of material injury," thereby deleting the requirement that imports be increasing "rapidly," and lowering the causation test from "significant" cause to "important" cause.

Item	Present Law	Subcommittee Proposal
(d) Factors to be considered in evaluating market disruption	Not specifically listed in statute.	Requires the ITC to consider, among other factors: (i) the volume of imports; (ii) the effect of imports on prices in the U.S. for like products; (iii) the impact of imports on domestic producers of like products; and (iv) evidence of disruptive pricing practices or other efforts to unfairly manage trade patterns.
(e) Cumulation	No provision.	In determining whether market disruption exists, the ITC shall, where appropriate, cumulate imports from 2 or more non-market economy countries subject to investigation under this section.
(f) Remedy	Upon a finding of market disruption, the ITC shall recommend such duty increase or other import restriction which is necessary to prevent or remedy the market disruption.	Also authorizes the ITC to recommend a variable tariff based on a comparison of average domestic producer prices and average import prices.
(g) Discretion of administering authority	If the ITC finds market disruption, the President must provide import relief unless he determines that such relief is not in the national economic interest.	If the ITC finds market disruption, USTR can deny import relief only if the provision of such relief would have a serious negative impact on the domestic economy.
(h) Deferral of effective date	No provision.	Postpones the effective date of these amendments with respect to any country with whom the United States has, on date of enactment, conflicting obligations under an international agreement, until the date on which such agreement is due to expire.

AMENDMENTS TO THE COUNTERVAILING AND ANTIDUMPING DUTY LAWS

Item	Present Law	Subcommittee Proposal
1. Definition of domestic industry	Section 771(4) defines "industry" as the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product. The term "like product" in turn means a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to investigation.	(a) Amend section 771(4) to require ITC to treat as part of the domestic industry only domestic facilities and domestic operations of domestic producers. (b) In antidumping and countervailing duty investigations involving a processed agricultural product, the ITC may include producers or growers of the raw agricultural product as part of the domestic industry producing the processed product if two conditions exist: (1) the processed agricultural product is produced from the raw agricultural product through a single continuous line of production; and (2) there is a substantial coincidence of economic interest between the producers of the raw agricultural product and the producers of the processed agricultural product based upon relevant economic (rather than legal) factors.

Item	Present Law	Subcommittee Proposal
2. Standing	The following interested parties have standing to file an antidumping or countervailing duty petition on behalf of an industry: (1) a manufacturer, producer, or wholesaler in the U.S. of a like product; (2) a certified union or recognized union or group of workers which is representative of an industry engaged in the manufacture, production, or wholesale in the U.S. of a like product; (3) a trade or business association a majority of whose members manufacture, produce, or wholesale a like product in the U.S.; and (4) an association, a majority of whose members is composed of interested parties described above.	In investigations involving a processed agricultural product, expands the definition of interested party to include a coalition or trade association which is representative of either processors or processors and producers.

Item	Present Law	Subcommittee Proposal
3. Actionable domestic subsidies	Section 771(5)(B) of the Tariff Act of 1930 sets forth a list of actionable domestic subsidies which, if provided or required by government action to a specific enterprise or industry, or group of enterprises or industries, fall within the definition of subsidy subject to U.S. countervailing duties. This list includes (but is not limited to): (i) The provision of capital, loans, or loan guarantees on terms inconsistent with commercial considerations; (ii) The provision of goods or services at preferential rates.	Clarify the language of section 771(5)(B) regarding domestic subsidies to require that: (1) the administering authority base its finding on an assessment of whether the actual effect of a particular subsidy as bestowed is to aid a specific industry or group of industries, or instead has the effect of benefitting industries generally rather than basing its finding upon a mere examination of the legal nature of the subsidy program. This will ensure that the test of specificity versus general availability under section 771(5)(B) will be based upon a factual examination of the subsidy's actual effects; (2) commercial considerations be looked to as an alternative to "preferential rates" in determining the existence of, and amount of, such subsidy; and (3) external benchmarks be accepted in appropriate circumstances.

Item	Present Law	Subcommittee Proposal
4. Dumping -- Nonmarket Economy Imports		
(a) In general	Present law provides a "surrogate country" methodology to be used in establishing the foreign market value of imports from nonmarket economy countries. Section 773(c) provides that, if available information indicates that the economy of the exporting country is state-controlled to an extent that sales or offers of sales of such or similar merchandise in that country's home market or to third country markets do not permit a determination of foreign market value under section 773(a), then Commerce must determine the foreign market value of the merchandise on the basis of the normal costs, expenses, and profits as reflected by either -- (1) the prices, at which such or similar merchandise of a non-state-controlled-economy country or countries is sold either -- (A) for consumption in the home market of that country or countries, or (B) to other countries, including the United States; or (2) the constructed value of such or similar merchandise in a non-state-controlled-economy country or countries as determined under subsection (e).	Adopts a modified version of the Administration's proposal to amend section 773(c) to replace the surrogate country methodology with a pricing benchmark based on the average import price of the eligible market economy supplier whose average import price is lowest among the average import prices of all eligible market economy suppliers.

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Item	Present Law	Subcommittee Proposal
(b) Eligible market economy supplier	No provision.	In determining whether a market economy country is "eligible," Commerce will take into account such factors as levels of imports of the comparable merchandise from that country and whether this merchandise is subject to an antidumping or countervailing duty order, suspension agreement or any international agreement which may affect price. (This provision does not preclude Commerce from using countries that are subject to countervailing or antidumping duty orders where it can adjust for the effect of such subsidies or dumping.)
(c) Calculation of lowest average import price	No provision.	Commerce would average (separately for each country) the import prices of the comparable merchandise from each eligible market economy country over the applicable period of investigation or review. It would then select that eligible market economy country that has the lowest of these average prices to use for its benchmark. Commerce may use two or more eligible market economy countries for its benchmark where it determines the volume of imports otherwise would be insufficient.
(d) Exceptions		
(i) Cases where no eligible market economy supplier exists	No provision.	In situations where there is no eligible market economy country, foreign market value would be based on constructed value in any country or countries other than a nonmarket economy country.

Item	Present Law	Subcommittee Proposal
(ii) Cases where lowest average import price reflects below-cost sales	No provision.	In the event that Commerce determines that the prices of the eligible market economy country with the lowest import price do not accurately reflect fair value (i.e., sales are below cost), Commerce may determine foreign market value on the basis of either another eligible market economy country or constructed value.
(iii) Cases where lowest average supplier has lower level of economic development than NME	No provision.	If Commerce determines that the applicable eligible market economy supplier with the lowest average import price is at a level of economic development which is significantly lower than the level of economic development of the NME, then it shall base the price benchmark on the next higher average import price, provided that such supplier is on a comparable level of economic development.
(iv) Cases where sector is market driven	Under current Commerce practice, Commerce may consider, on a case-by-case basis, whether a particular industry within a state-controlled economy is market-driven so as to permit calculation of foreign market value under section 773(a) on the basis of home market sales, third country export sales, or constructed value.	Clarifies current law to allow Commerce to consider whether particular industries in a nonmarket economy country are governed by market forces to such an extent that Commerce can use normal dumping methodology (based on actual prices and cost data) rather than the NME price benchmark. Clarifies that such sectoral analysis does not require a finding by Commerce that all prices and costs within that sector are completely (i.e., 100 percent) market-driven.

Item	Present Law	Subcommittee Proposal
(e) Suspension agreements	Section 734 allows for suspension of an antidumping investigation based on either (1) an agreement to cease exports within 6 months; (2) an agreement to revise prices to eliminate completely any sales at less than fair value; or (3) an agreement to revise prices to eliminate completely the injurious effects of the imports. It does not allow for suspension of antidumping investigations on the basis of quantitative restriction agreements.	Amends section 734 to allow for suspension of NME dumping investigations based on quantitative restraint agreements.
(f) Import prices based on "comparable merchandise"; access to import price data	No provision.	Commerce would be authorized, where necessary, to rely on data based on "comparable merchandise." Comparable merchandise is a broader category than the "such or similar" merchandise comparison which is usually used for foreign market value comparisons. In order to increase the likelihood that a more precise breakdown by such or similar merchandise will be available, the U.S. Customs Service and the ITC would be required, upon request by Commerce, to provide Commerce with all public information that relates to import prices for the purpose of obtaining information to establish the import price benchmark, Commerce may have access to documents and may take depositions. If necessary, Commerce may issue a subpoena. Any factual information relating to import prices shall be filed simultaneously with the ITC and Commerce.

Item	Present Law	Subcommittee Proposal
(g) Exclusive remedy for NME imports under Title VII	A recent decision of the U.S. Court of Appeals for the Federal Circuit (Georgetown Steel Corp. v. U.S., 801 F.2d 1308, Fed. Cir. 1986) held that the countervailing duty law does not apply to NMEs, thus making the antidumping law the only remedy for NME imports under Title VII.	Codifies the court decision.

Item	Present Law	Subcommittee Proposal
5. Diversionary input dumping	No provision (current antidumping law only allows for antidumping duties to reflect the difference between the price at which the finished product which is under investigation is sold in the U.S. and the price at which it is sold abroad (either the foreign home market, a third country market, or a constructed value) -- there is no scrutiny of the prices of materials or components which were incorporated into the finished product).	Adds a new section to the Tariff Act of 1930 to allow for diversionary input dumping (exportation of a product which incorporates a dumped input product) to be taken into account in determining the foreign market value of a product under investigation.
(a) Definition	No provision.	Diversionary input dumping occurs whenever any foreign material or component which has been found within the past six years to have been dumped in the U.S. market: (1) is purchased by a foreign manufacturer at a price less than its fair value, (2) is routinely used as a major material or component in producing the merchandise currently under investigation (such that it has a significant effect on the cost of producing the merchandise), and (3) imports of the input have declined while imports of the merchandise under investigation have increased.
(b) How taken into account in current investigation	No provision.	If the Commerce Department has reason to believe or suspect that diversionary input dumping is occurring, then the foreign market value for the merchandise under investigation (the downstream product) must be based on constructed value, and the cost of the material or component shall be increased to reflect the benefit bestowed from the purchase of the material or component at less than its fair value.

Item	Present Law	Subcommittee Proposal
(c) How to measure the amount of diversionary input dumping	No provision.	In determining whether, and to what extent, the foreign material or component (input) was purchased by a foreign manufacturer at a price "less than its fair value", Commerce shall consider the following: (a) If there is an antidumping duty order currently in effect with respect to the input, then the foreign market value of the input identified in such order shall be used in determining the fair value of the input. (b) If there is no antidumping duty order currently in effect, because the investigation was terminated or suspended on the basis of a quantitative restriction agreement, then the fair value of the input shall be based on the best available information, including any information gathered in the previous investigation of the input and information contained in the petition. (c) If Commerce determines that the method for calculating fair value of the input under (a) or (b) does not accurately reflect the benefit bestowed to the manufacturer of the merchandise under investigation, it may make adjustments to reflect a more accurate measurement of actual benefit bestowed.

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Item	Present Law	Subcommittee Proposal
6. Dumping -- multiple offenders		This proposal includes expanded import monitoring, self-initiation of dumping investigations by Commerce, and a rebuttable presumption of "intent to injure" under the current private remedy statute (Antidumping Act of 1916). The purpose of the proposal is to deter repeated dumping by the same foreign manufacturer within the same general product sector, and to provide private parties with a more effective remedy for injury caused by persistent dumping.
(a) Monitoring of imports from first offenders	No provision.	A U.S. manufacturer may request the Commerce Department to monitor imports of products from a first offender (a foreign manufacturer whose products have been previously found to have been dumped) within a designated product category. If Commerce determines that there is a reasonable likelihood that dumping of products within this product category may be occurring, then Commerce shall monitor imports of products within that category from the first offender.
(b) Expedited antidumping investigations	No provision.	If information obtained as a result of the monitoring indicates that dumping of a particular product may be occurring, then Commerce must self-initiate an expedited dumping investigation, to be completed on a shorter timetable than current law (Commerce would already have substantial data as a result of the monitoring program).

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		There would be an automatic finding of critical circumstances in any such expedited dumping investigation. ITC would be required, in determining whether there is material injury by reason of the dumped imports, to take into account the effects of prior dumping by the same offender.
(c) Monitoring of imports from second offenders	No provision.	After the seoond affirmative finding of dumping against the same foreign manfacturer ("second offender") within a ten-year period, Commerce must automatically monitor all imports from that company within the designated product category, and must self-initiate expedited dumping investigations if information obtained as a result of monitoring indicates that dumping may be occurring.
(d) Monitoring of imports from multiple offenders	No provision.	After the third affirmative finding of dumping against the same foreign manufacturer ("multiple offender") within a ten-year period, Commerce must automatically monitor all imports from that company within the designated product category and within related product categories, and must self-initiate expedited dumping investigations if information obtained as a result of monitoring indicates that dumping may be occurring.
(e) Designation of product categories	No provision.	ITC shall determine, within three months of a request and after providing opportunity for public hearing or comment, what products are included in any product category for monitoring purposes. ITC shall seek advice from Commerce as to what products are appropriate for inclusion. Each product category shall consist of

Item	Present Law	Subcommittee Proposal
		similar articles manufactured or produced by similar processes under similar circumstances and which have similar uses. ITC shall identify articles included in the product category by TSUS number. It may, whenever appropriate, modify the list of articles which are included in the product category.
(f) Compensation fund for injured domestic producers	No provision.	A separate account is established, to be funded by dumping duties, to provide compensation to domestic producers who have been injured by reason of dumped imports. ITC (experienced in examining issues relating to injury by reason of imports) shall determine whether a particular domestic producer has been so injured and by what amount, and shall certify its eligibility for compensation. The Secretary of the Treasury shall distribute the proceeds in the separate account to certified injured parties.
(g) Private remedy for persistent dumping	Section 801 of the Antidumping Act of 1916 provides for criminal and civil penalties to be imposed against any party who commonly and systematically imports articles at a price substantially less than the actual market value or wholesale price, with the intent of destroying or injuring an industry in the U.S. Civil damages may be recovered in the amount of threefold the damages sustained, and the cost of the suit, including a reasonable attorney's fee.	In any civil action for damages brought under the Antidumping Act of 1916 against a "multiple offender", the fact that three or more dumping findings were made against the same foreign manufacturer would establish a rebuttable presumption of "intent to injure a U.S. industry." The term "actual market value" would mean the same as "foreign market value" under the antidumping law (title VII of the Tariff Act). Damages in such a case, however, would be limited to single (not treble) damages. The presumption of intent would only arise in civil cases (not criminal), and would only be available when the plaintiff is a U.S. manufacturer of a like product.

Item	Present Law	Subcommittee Proposal
7. Anti-Circumvention		
(a) Assembly or finishing operations in the United States	No provision.	Addresses two types of circumvention of antidumping findings or orders and countervailing duty orders ("orders") -- (1) the importation of parts or components to be assembled in the U.S. into the class or kind of merchandise covered by the order (e.g., shipping picture tubes and printed circuit boards to a related subsidiary in the U.S. to be assembled and then sold as a television receiver); and (2) the importation of an incomplete or unfinished article to be completed in the U.S. (by means other than assembly) into the class or kind of merchandise covered by the order (e.g., steel pipe is imported by a related party that threads it and sells it as threaded pipe). In both cases the order covers the completed article from a particular country or countries but not necessarily the separate parts or components. The foreign producer, operating through a related party in the U.S., imports substantially all parts from the country covered by the order and adds relatively little value in the U.S. In both cases the first sale of the merchandise to a party in the U.S. unrelated to the producer occurs after its completion or assembly in the U.S.

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		In an investigation, Commerce would identify which merchandise, if any, has been entered into the U.S. for further assembly or completion. Where required, the imported parts or components, or incomplete or unfinished articles would be included in the investigation. If the producers begin assembly or completion operations in the U.S. after the date of publication of an order, the order nonetheless would cover that merchandise.
(b) Assembly or finishing operations in a third country	No provision.	Permits Commerce to prevent evasion of an order by shipment of merchandise to the U.S. through a third country, when certain conditions are met. In including merchandise assembled or finished in a third country under an order (e.g., ethanol shipped to a third country for blending with a small amount of additive), Commerce must determine that (i) the third country producer is related to a manufacturer covered by the order; (ii) substantially all the parts or components (measured by volume or value or both, as appropriate) are obtained from that manufacturer; and (iii) the value added in the third country is relatively small. In making this determination, Commerce will further consider whether the third country operation was established only after the order was issued.

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(c) Minor alterations	No provision.	Addresses the practice whereby a foreign producer alters the merchandise in minor respects in form or appearance to circumvent an outstanding order (e.g., fire resistance coating is applied to cookware prior to importation into the U.S.). The amendment creates a rebuttable presumption that an investigation or order on a completed, finished item of merchandise covers that merchandise even though it is altered in minor respects in form or appearance. Commerce may determine to limit the presumption in any particular proceeding.

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Item	Present Law	Subcommittee Proposal
8. Material injury and threat of material injury		
(a) Factors to consider	In determining whether there is material injury by reason of dumped or subsidized imports, ITC must consider, among other factors, (1) the volume of imports, (2) the effect of imports on prices in the United States for like products, and (3) the impact of imports on domestic producers of like products.	Clarifies that ITC is required, in every case, to consider and explain its analysis of each of the three specified factors. The ITC may consider, on a case-by-case basis, such other economic factors as are relevant to an injury determination. If any other factor is considered, however, it must be so identified and its relevance explained.
(b) Evaluation of price effects	In evaluating the effect of imports on prices, the ITC must consider whether there has been significant price undercutting by imports.	Replaces "price undercutting" with "price underselling" to clarify that this provision does not require evidence of predatory pricing.
(c) Evaluation of impact on domestic industry	In examining the impact on the domestic producers, ITC must consider all relevant economic factors which have a bearing on the state of the industry, including, but not limited to-- (1) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (2) factors affecting domestic prices, and (3) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment.	Clarifies that no single factor should be dispositive, and that ITC should consider these factors in the context of the dynamics of that particular industry, with reference to the normal business cycle for that industry (not compared to other industries or the economy overall).

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(d) Factors to be considered by ITC in determining "threat of material injury"	ITC must consider, among other relevant economic factors— (1) if a subsidy is involved, the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement); (2) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States; (3) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level; (4) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise; (5) any substantial increase in inventories of the merchandise in the United States; (6) the presence of underutilized capacity for producing the merchandise in the exporting country; (7) any other demonstrable adverse trends that indicate the probability that the importation of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury; and (8) the potential for product-shifting.	Adds 3 additional factors for ITC to consider: (9) diversion of foreign products to the U.S. market by reason of restraints on exports of the merchandise to, or on imports of the merchandise into, third country markets; (10) in an antidumping case, the extent to which the foreign merchandise has been sold at less than fair value in other markets, as evidenced by antidumping orders or findings in other GATT member markets; (11) in investigations involving both raw and processed agricultural products, the likelihood of increased imports by reason of product-shifting (due to duties being imposed on one product but not the other).

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(e) Cumulation		
(i) Material injury	In determining material injury in any antidumping or countervailing duty investigation, ITC must cumulatively assess the volume and price effects of imports from two or more countries subject to investigation if such products compete with each other and with like products of the domestic industry.	Explicitly mandates cumulation of subsidized imports with dumped imports. In determining material injury, ITC must cumulatively assess the volume and price effects of imports from two or more countries if such imports are either (a) currently subject to any antidumping or countervailing duty investigation, or (b) within the past 12 months, subject to any antidumping or countervailing duty investigation which resulted in a final order, suspension agreement, or termination based on a quantitative restraint agreement. Retains the additional requirement that such imports, to be cumulated, must compete with each other and with like products of the domestic industry.
(ii) Threat of material injury	No provision.	In determining threat of material injury, ITC must, to the extent practicable, cumulatively assess the increases in market penetration and price effects of imports from two or more countries if such imports are currently subject to any antidumping or countervailing duty investigation, and such imports compete with each other and with like products of the domestic industry.
(iii) Negligible imports exception	No provision.	Provides a limited exception to mandatory cumulation with respect to negligible imports. Authorizes ITC to exclude imports from a particular country from its cumulative injury assessment if such imports are negligible and have had no discernible adverse impact on the domestic industry. In determining whether imports

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		from a particular country are negligible, ITC shall examine all relevant economic factors, including the following: (a) whether the volume and market share of such imports are negligible; (b) whether sales transactions involving such imports are isolated and sporadic; (c) whether the price of such imports from that country has had a discernible adverse impact on price competition in the United States, including whether the U.S. market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression.

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9. Governmental importations	Under schedule 8 of the Tariff Schedules, U.S. governmental importations are not subject to regular customs duties.	Adds a new paragraph to section 771 to prohibit any U.S. governmental purchases of dumped or subsidized merchandise from being exempt from antidumping or countervailing duties.
10. Drawback treatment	Duties paid on imported merchandise which is used in the manufacture of goods for export, may be refunded upon the exportation of such goods. To receive benefit of drawback, the completed article must have been exported within five years of the date of importation of the relevant duty-paid merchandise. The amount of refund is equal to 99% of the duties attributable to the foreign, duty-paid content of the exported article. Both antidumping and countervailing duties are treated as regular custom duties and thus are eligible for drawback.	Amends section 779 to prohibit antidumping and countervailing duties paid on imported merchandise from being eligible for refund under drawback provisions.
11. Access to information	Section 777 sets forth procedures for interested parties to submit, and to obtain access to, information involved in an antidumping or countervailing duty proceeding.	Amends section 777 with respect to proceedings before the Commerce Department: (1) to require release of all confidential information under an administrative protective order, except privileged or classified information or information of a type deemed not appropriate for release; (2) to impose reasonable time limits on decisions on releasability of information; (3) to require Commerce to return information submitted by a person who refuses to make it available under protective order;

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		(4) to require service of information to all parties to a proceeding; (5) to require submission of information on a timely basis within a reasonable deadline, with a reasonable period for comment by other parties.
12. Certification of submissions	No provision.	Adds a new section to require any person submitting factual information in an antidumping or countervailing duty proceeding to certify that such information is accurate and complete to the best of that person's knowledge.
13. Explanation of Commerce rulings; corrections	No provision.	Adds a new section (1) to require Commerce to provide detailed explanations whenever it deviates from prior precedents and to justify such deviation, and (2) to provide for a limited time after issuance of Commerce determinations to correct clerical errors.
14. Injury test for "new" countries in "old" cases	Under section 303, Tariff Act of 1930 (applicable to countries which have not signed the GATT Subsidies Agreement), Commerce cannot impose CVD's on duty-free merchandise without an ITC injury determination, if the merchandise is from a country that has joined GATT or has entered into similar international obligations requiring an injury test. If merchandise subject to an outstanding CVD order subsequently becomes duty-free, or the merchandise is duty-free and the	Whenever Commerce notifies the ITC that a CVD order under section 303 applies to merchandise without an injury test and U.S. international obligations, as determined by USTR, require an injury determination, the ITC shall make an injury determination within 180 days. If the ITC finds injury the order would remain in effect; if not, the order would be revoked.

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	country subsequently joins GATT, that merchandise becomes entitled to an injury test under international law. Section 303 is silent on whether ITC has authority to conduct injury investigations after a CVD order is issued. Therefore, Commerce is compelled to revoke outstanding orders for which it lacks an affirmative injury finding.	
	Section 303 is also silent on appropriate procedures in pending CVD investigations involving merchandise that, subsequent to initiation, becomes entitled to an injury determination. Commerce would be prohibited from issuing a CVD order without an affirmative ITC injury determination.	Authorizes the ITC to conduct an injury investigation, with appropriate procedural adjustments in the time limits to permit a determination.
15. Downstream product monitoring	No directly comparable provision.	Adds new procedures for the monitoring of imports (on a volume basis) of downstream products in order to identify potential diversionary practices resulting from significant antidumping or countervailing duties on component products.
(a) Definitions	No provision.	"Component part" is any product which has been subject to a dumping or subsidy determination of 15% or more within the past 5 years, and which, because of its inherent characteristics, is routinely used as a major part, component, assembly, subassembly, or material in other manufactured articles.
	No provision.	"Downstream product" is any manufactured article into which is incorporated any component part.

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(b) Petitions	No provision.	Domestic producers of component parts of downstream products may petition the Commerce Department to designate a downstream product for monitoring. Such petition must identify the downstream product to be monitored, the relevant component part, and the reasons for suspecting the likely diversion of foreign exports of the component part into increased exports of the downstream product.
(c) Designation by Commerce	No provision.	Within 14 days of the petition, the Commerce Department must determine whether there is a reasonable likelihood that imports of the downstream product will increase as an indirect result of any diversion with respect to component parts. Commerce may, if appropriate, take into account such factors as (a) the value of the component part in relation to the value of the downstream product; (b) the extent to which substantial transformation has taken place; and (c) the relationship between the foreign producers of component parts and foreign producers of downstrem products.
(d) Monitoring by ITC		Upon designation by Commerce of a downstream product, the ITC shall immediately commence monitoring the volume of imports of such downstream product, and publish quarterly reports thereon. If the ITC finds that imports increased by 5% or more during any quarter, then the ITC must analyze such increase in the context of overall economic conditions in that product sector.

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(e) Subsequent action by Commerce	No provision.	(a) Commerce must consider the ITC monitoring reports in determining whether to initiate an antidumping or countervailing duty investigation with respect to a downstream product. (b) Commerce shall request the ITC to stop monitoring a downstream product if the ITC reports indicate that imports are not increasing and there is no longer a reasonable likelihood of diversion.
16. USTR study of subsidy commitments	No provision.	Requires USTR to begin, within 90 days of enactment, a review of subsidies code commitments undertaken by other countries with the United States, and to report to the Committee on Ways and Means and the Committee on Finance on the results of such review within six months of its commencement. The review shall include an evaluation of whether such commitments have been met; if not, the probable time frame for compliance; and, where appropriate, recommendations on how to improve the elements or implementation of such commitments.
17. Commerce study on China's reforms	No provision.	Requires Commerce to study and report to Congress within 12 months on the economic reforms being undertaken by the government of the People's Republic of China with respect to market orientation; the effect of the new orientation on market policies, price structure and the relationship between domestic Chinese prices and world prices; and the application of U.S. trade laws to China, including any recommendations for changes to deal more appropriately with countries in transition to more market-oriented economies.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS
(AMENDMENT TO SECTION 337, TARIFF ACT OF 1930)

Item	Present Law	Subcommittee Proposal
1. Findings and purpose		General findings and purposes on the importance of intellectual property rights protection and the need to improve such protection domestically and internationally.
2. Injury	Section 337 of the Tariff Act of 1930 provides for relief against unfair methods of competition and unfair acts in the importation of articles into the United States or in their sale. In order to obtain relief for violations of section 337, injury must be proven.	Removes the requirement to prove injury, but only with regard to intellectual property rights cases.
3. Industry		
(a) "Efficiently and economically operated"	The injury must be shown to have occurred to an "industry efficiently and economically operated in the United States."	Retains the requirement to demonstrate that an industry exists or is in the process of being established but removes the requirement to demonstrate that it is "efficiently and economically operated."
(b) Definition		Defines industry to include -- (1) significant investment in plant and equipment; (2) significant employment of labor or capital; or (3) substantial investment in its exploitation, including engineering, research and development, or licensing.

Item	Present Law	Subcommittee Proposal
4. Termination of investigation by consent order or settlement agreement	Section 337 does not explicitly provide authority to terminate investigations on the basis of a consent order or settlement agreement, although the Commission follows such procedures in practice.	Makes explicit the Commission's authority to terminate investigations on the basis of a consent order or settlement agreement.
5. Time limits for temporary exclusion orders	Under section 337 the Commission is empowered to issue both temporary and final exclusion orders prohibiting the entry of merchandise. There are no time limits for the issuance of temporary exclusion orders.	Requires determinations by Commission on petitions for temporary exclusion orders within 90 days after case is initiated (60 additional days in more complicated cases).
6. Cease and desist orders	Section 337(f) provides for the Commission's use of cease and desist orders "in lieu of" the exclusion of articles. Maximum daily penalties for the violation of such orders are set at the greater of $10,000 or the domestic value of the articles.	Clarifies that cease and desist orders may be used "in addition to or in lieu of" exclusion. Increases the maximum daily penalty for violation of such orders to the greater of $10,000 or twice the domestic value of the articles.
7. Default judgments	There is no provision for default judgments in section 337. Commission requires petitioner to establish prima facie case if respondent fails to appear.	Provides for Commission to use default procedures against a person who has been served with notice of proceedings and fails to appear to answer complaint in cases where petitioner seeks relief solely affecting that person.
(a) Order against defaulting party		In such cases, the Commission shall presume the facts alleged in the petition to be true and shall, upon request, issue an exclusion order or a cease and desist order, or both (after considering public health and welfare) against that person.
(b) Blanket exclusion order		To obtain in rem exclusion of all articles, a complainant must establish violation by "substantial, reliable and probative evidence."

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8. Abuse of discovery	Section 337 does not authorize sanctions for abuse of discovery or abuse of process.	Authorizes the Commission to prescribe sanctions for abuse of discovery and abuse of process to the extent authorized by Federal Rules of Civil Procedure.
9. Procedures when petitioner claims to no longer be in violation	Exclusion orders remain in effect until Commission finds, and so notifies, Treasury that conditions which led to exclusion no longer exists.	Provides that when a person previously found in violation petitions Commission for a determination that he is no longer in violation -- (1) the burden of proof is on petitioner, and (2) relief may be granted only on the basis of new evidence or evidence that could not have been presented earlier, or on grounds which would permit relief under Federal Rules of Civil Procedure.
10. Importation by or for the United States	Exclusion orders based on claims of U.S. letters patents do not apply to articles imported by or for the United States. (Compensation may be sought in such cases.)	Amends provision by referring to "patent, copyright, trademark, or mask work" in lieu of "letter patent."
11. Confidential information	There is no provision in section 337 for the treatment of confidential information.	Provides that information submitted to the Commission and designated confidential shall not be disclosed without the consent of submitting party except under protective order or to those officers or employees of the Commission, the U.S. Government, or the U.S. Customs Service who are directly involved in the case.
12. Referral of ITC decision for review	Affirmative ITC determinations and proposed action may be disapproved by the President within 60 days.	Authority to review and disapprove ITC determinations and proposed actions is transferred to the USTR.

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Item	Present Law	Subcommittee Proposal
1. Identification of priority foreign countries	No provision.	USTR shall, within 30 days after issuing the annual section 181 report, identify "priority foreign countries" that deny adequate and effective protection of intellectual property rights. USTR may modify the identification of priority foreign countries at any time, if subsequent information indicates there is a change in circumstances. For purposes of identifying priority foreign countries, USTR shall select only those countries -- (1) that have the most egregious acts, policies, or practices that deny adequate and effective protection of intellectual property rights; (2) whose acts, policies, or practices of denying adequate and effective protection have the greatest adverse impact in their own or other potential markets for the relevant U.S. products; and (3) are not entering into good faith negotiations or are not making significant progress in bilateral or multilateral negotiations to provide adequate and effective protection of intellectual property rights.

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		USTR shall base its identification of foreign priority countries on information in the annual section 181 report; petitions filed under section 301; or other information available or submitted by interested parties to the USTR.
2. Section 301 investigations		
(a) Self-initiation	Section 302(b) authorizes the USTR to self-initiate section 301 investigations after consulting with appropriate private sector advisory committees.	USTR shall promptly self-initiate section 301 investigations under section 302(b) on each priority foreign country, unless he determines that initiation with respect to a particular country would be detrimental to the U.S. national economic interest. If the USTR determines not to self-initiate, he must report promptly in writing to the Congress detailed reasons for the determination, including the U.S. economic interests which would be affected adversely by self-initiation of an investigation.
(b) Consultations		Prior to and during section 301 investigations, USTR shall consult with the Copyright Office, the Office of Patents and Trademarks, any other appropriate agencies, and any interested parties on the identification of priority foreign countries and on specific objectives to be sought in consultations or negotiations with such countries. (Other procedures for section 301 investigations apply.)

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(c) Time limits	Section 304(a) requires USTR to make a recommendation to the President within 12 months after initiating an investigation.	Requires the USTR to make a determination and recommendation to the President under section 304 on what action, if any, he should take under section 301 with respect to each priority foreign country within 6 months after the date of initiation. USTR may extend the time period for making the determination and recommendation to the President by up to 6 months on any priority foreign country if-- (1) complex or complicated issues are involved that require additional time; (2) the country is making substantial progress in drafting or implementing legislative or administrative measures to provide adequate and effective protection of intellectual property rights; or (3) the country is undertaking enforcement measures to provide adequate and effective protection of intellectual property rights.
3. Action by the President	Section 301(e) defines as an "unreasonable" act, policy, or practice the denial of adequate and effective protection of intellectual property rights. The President, if he determines that action by the United States is appropriate, shall take all appropriate and feasible action within his power to obtain the elimination of the act, policy, or practice.	Discretionary action by the President under present law for "unreasonable" practices would apply; procedural requirements as well as the followup monitoring and modification/termination provisions of section 301, as amended by the proposal, would also apply.

TRADE NEGOTIATING OBJECTIVES AND AUTHORITY

Item	Present Law	Subcommittee Proposal
1. Trade negotiating objectives		
a. Overall objective	Section 103, Trade Act of 1974, states the overall U.S. negotiating objective shall be to obtain more open and equitable market access and the harmonization, reduction, or elimination of devices which distort trade or commerce (to the maximum extent feasible, agriculture in conjunction with industry). Section 104 states as a principal U.S. negotiating objective obtaining equivalent competitive opportunities for U.S. exports of agriculture and manufacturing sectors as afforded imports of like or similar products in the U.S. market. Negotiations should be conducted on a sector basis to the extent feasible.	The overall U.S. trade negotiating objective under this Act shall be to obtain more open, equitable, and reciprocal market access; the harmonization, reduction, or elimination of policies or measures which impede or distort international commerce; and a more effective system of international trading disciplines and procedures.
b. Principal objectives	Sections 104 through 108, Trade Act of 1974, set forth principal trade negotiating objectives for sector negotiations, international safeguard procedures, access to supplies, and bilateral agreements and agreements with developing countries. Section 121 specifies particular areas in which the President must seek revision of the GATT. The Trade and Tariff Act of	Principal trade negotiating objectives under this Act: <u>Agriculture</u>. Principal negotiating objectives shall be-- (1) to achieve on an expedited basis to the maximum extent feasible, more open

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	1984 added objectives for negotiations on services, high technology products, and foreign direct investment.	and fair conditions of trade in agricultural commodities by-- (i) developing, strengthening, and clarifying rules to discipline restrictivve or trade-distorting import and export practices; and (ii) eliminating and reducing substantially specific constraints to fair trade and more open market access, such as tariffs, quotas, subsidies, and other nontariff practices, including unjustified phytosanitary restrictions. Dispute Settlement. Principal negotiating objectives shall be-- (1) to provide for more effective and expeditious dispute settlement mechanisms and procedures; and (2) to ensure that such mechanisms in the GATT and GATT Agreements provide for more effective and expeditious resolution of disputes and enable better enforcement of U.S. rights. Unfair Trade Practices. Principal negotiating objectives shall be-- (1) to improve provisions of the GATT and nontariff measure agreements to deter and to provide greater discipline on unfair trade practices, including forms of subsidy, dumping, and export targeting practices not adequately covered; (2) to further improve provisions applicable to agricultural trade so as to be consistent with those on industrial products; and (3) to otherwise seek greater discipline on, and to discourage the persistent use of, unfair trade practices.

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		Trade in Services. Principal negotiating objectives shall be-- (1) to reduce or to eliminate barriers to, or other distortions of, international trade in services (particularly United States service sector trade in foreign markets), including barriers that deny national treatment and restrictions on establishment and operation in such markets; and (2) to develop internationally agreed rules, including dispute settlement procedures, which-- (i) are consistent with the commercial policies of the United States; and (ii) will reduce or eliminate such barriers or distortions, and help ensure fair, equitable opportunities for foreign markets. Intellectual Property. Principal bilateral and multilateral negotiating objectives shall be-- (1) to seek enactment and effective enforcement by foreign countries of laws which recognize and adequately protect intellectual property, including copyrights, patents, trademarks, mask works and trade secrets; and (2) to develop and strengthen international rules, dispute settlement provisions, and enforcement procedures against trade-distorting practices arising from inadequate national protection and ineffective enforcement of intellectual property rights, including-- (i) incorporation in the GATT, of adequate and effective substantive norms and standards for the protection and enforcement of intellectual

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		property rights as the basis for the dispute settlement provisions and enforcement procedures, which norms and standards are complementary to those of existing international intellectual property conventions; and (ii) the supplementing and strengthening of standards for protection and enforcement in existing international intellectual property conventions administered by other international organizations, including expansion to cover new and emerging technologies and elimination of discrimination or unreasonable exceptions or preconditions to protection.
		Foreign Direct Investment. Principal negotiating objectives shall be -- (1) to reduce or to eliminate artificial or trade-distroting barriers to foreign direct investment, to expand the principle of national treatment, and to reduce unreasonable barriers to establishment; and (2) to develop internationally agreed rules, including dispute settlement procedures, which-- (i) will help ensure a free flow of foreign direct investment, and (ii) will reduce or eliminate the trade distortive effects of certain trade-related investment measures.
		Safeguards. Principal negotiating objectives shall be-- (1) to improve and expand rules and procedures covering safeguard measures; (2) to ensure that such measures are transparent;

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		(3) to ensure that such measures are temporary; (4) to ensure that such measures are degressive; and (5) to ensure that such measures are subjected to review and terminated when the action is no longer necessary to remedy injury and to facilitate adjustment. Improvement of the GATT and MTN Agreements. Principal negotiating objectives shall be— (1) to improve the operation and expand the coverage of the GATT and MTN Agreements and Arrangements; and (2) to expand participation, where appropriate. Specific Barriers. A principal negotiating objective shall be to achieve maximum reduction, eliminatiion, or harmonization of specific tariff and non-tariff trade barriers, particularly measures identified in the annual section 181 report and disparities in tariff levels which impede access to particular export markets. Worker Rights. Principal United States negotiating objectives shall be-- (1) to promote respect for worker rights; (2) to secure a review of the relationship of worker rights to GATT Articles, objectives and related instruments with a view to ensuring that the benefits of the trading system are available to all workers; and (3) to adopt the principle in GATT rules against denial of worker rights as a

Item	Present Law	Subcommittee Proposal
		means for a country or its industries to gain international competitive trade advantage. Developing Countries. A principal U.S. trade negotiating objective shall be to ensure that developing countries, commensurate with their attaining more advanced and competitive levels of economic development, assume a full measure of responsibility for achieving and maintaining an open international trading system by providing reciprocal benefits and assuming equivalent obligations with respect to their import and export practices. Access to High Technology. Principal U.S. negotiating objectives shall be to obtain the elimination or reduction of foreign barriers to, and foreign government acts, policies, or practices which limit, equitable access by U.S. persons to foreign-developed technology, including barriers, acts, policies, or practices which have the effect of-- (i) restricting the participation of U.S. persons in government-supported research and development projects; (ii) denying equitable access by U.S. persons to government-held patents; (iii) requiring the approval or agreement of government entities, or imposing other forms of government interventions, as a condition for the granting of licenses to U.S. persons by foreign persons (except for approval or agreement which may be

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		necessary for national security purposes to control the export of critical military technology); and (iv) otherwise denying equitable access by U.S. persons to foreign-developed technology or contributing to the inequitable flow of technology between the U.S. and its trading partners. In pursuing these objectives, the United States shall take into account U.S. Government policies in licensing or otherwise making available to foreign persons technology and other information developed by U.S. laboratories. Current Account Surpluses. A principal negotiating objective shall be to develop rules that impose greater responsibility on countries with large and persistent current account surpluses to undertake policy changes aimed at restoring current account equilibrium, including expedited implementation of trade agreements where feasible and appropriate. Trade and Monetary Coordination. A principal negotiating objective shall be to develop mechanisms to assure greater coordination, consistency, and cooperation between international trade and monetary systems and institutions.
c. Types of agreements	No provision.	It is the policy of the U.S. to use the opportunity presented by the Uruguay Round of Multilateral Trade Negotiations to achieve multilateral agreements that provide, on a reciprocal and mutually advantageous basis, for effective and enforceable rules and disciplines and the liberalization of barriers and other

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		distortions of international trade that will enhance the purposes and objectives of this Act, in particular by-- (1) increasing market opportunities abroad for the export of U.S. products and services; (2) achieving fairer terms and conditions of international trade competition; (3) strengthening provisions for international negotiation and the settlement of disputes; (4) ensuring fuller responsibility by all trading countries for achieving and maintaining a fair international trading system; and (5) improving the institutional structure and enhancing the role of the GATT. The objectives are to be achieved, to the maximum extent feasible and appropriate, through multilateral trade agreements (negotiated with both developed and developing countries), except that bilateral and other types of agreements should be negotiated to achieve such objectives where their use would be more effective or appropriate or the entering into of multilateral agreements is not feasible. In particular, nothing in this provision shall be construed to preclude the President from seeking agreements outside or supplemental to the Uruguay Round or the framework of GATT, if it appears that negotiations in the Uruguay Round are unduly delayed or if U.S. objectives can be obtained more effectively through bilateral or plurilateral agreements outside

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		or supplemental to the Uruguay Round or the framework of GATT.
2. Basic trade agreement authorities		
(a) Tariff authority	No tariff agreement authority is currently in effect, except authority to enter into bilateral agreements until January 3, 1988, under section 102, Trade Act of 1974, subject to Congressional approval.	Provides authority for the President to enter into tariff agreements for 6 years, until January 3, 1993. The President may proclaim U.S. duty reductions, continuation, or increases required or appropriate to carry out the agreement. Reductions of existing U.S. duties cannot exceed 60% if the ITC finds (in its section 131, Trade Act of 1974, advice) or the USTR determines, on the basis of other available information (including from private sector advisory committees) that any greater reduction on the particular article would have a probable significant adverse economic effect on the domestic industry. Any reductions on such items must be phased in over a 10-year period (in equal or unequal stages). Reductions on any other import-sensitive articles must be phased in over a period up to 10 years.
(b) Nontariff agreement authority	Section 102, Trade Act of 1974, authorizes the President to enter into trade agreements until January 3, 1988, providing for the harmonization, reduction, or elimination of barriers or other distortions, or for the prohibition of or limitations on the imposition of such barriers or distortions.	Extends section 102 negotiating and "fast-track" Congresional approval authority for 3 years, until January 3, 1991, with an automatic extension for an additional 2 years, until January 3, 1993, if-- (1) the USTR consults with, and submits a report to, the Committees on Ways and Finance describing--

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	Section 102 agreements are subject to Congressional approval of implementing legislation under section 151 "fast track" no amendment procedures (i.e., 90 calendar day notice to Committees prior to entry into agreement, 45 legislative days for Committee consideration, 15 legislative days for floor action).	(i) the progress that has been made to achieve U.S. overall and principal negotiating objectives to justify continuation of the negotiations; and (ii) the need for extended authority to complete the Uruguay Round or bilateral/plurilateral negotiations if insufficient multilateral progress is being made; and (2) neither Committee disapproves the extension within 60 legislative days.
(c) Harmonized Commodity System	Section 102 authorizes nontariff agreements but is not applicable to agreements which involve comprehensive changes in U.S. tariffs.	Expands section 102 to specifically authorize its subsequent use for an implementing bill to approve the International Convention on the Harmonized Commodity Description and Coding System and to implement the System nomenclature in the U.S. customs tariff.
(d) Bilateral free trade area agreements	A section 102 trade agreement providing for bilateral duty reductions or elimination may be entered into with any country other than Israel only if (1) such country requests the negotiation; and (2) either the Ways and Means or Finance Committee disapproves of the negotiations within 60 legislative days prior to the 90-day advance notice required of entry into an agreement. Any agreement is subject to Congressional "fast-track" implementation.	Extends existing section 102 bilateral trade agreement authority for 5 years, until January 3, 1993, except for negotiations underway as of January 1, 1987 (Canada). No provision or amendment made by this Act shall be applied to countries with which the U.S. has a bilateral free trade area agreement if there is an inconsistency between such provision or amendment and the agreement. USTR must review, within one year after enactment, U.S. bilateral trade relationships and identify foreign countries that have the best potential for bilateral free

Item	Present Law	Subcommittee Proposal
		trade areas; USTR must consult with the Committees on Ways and Means and Finance on the review results.
(e) Linkage with negotiating objectives	Before entering into any section 102 trade agreement, the President must consult with committees of jurisdiction on subject matters that would be affected and all matters relating to implementation. The President must give at least 90 calendar days advance notice to the Congress of his intention to enter into an agreement. After entering into the agreement, the President must submit a copy to the Congress, together with a draft implementing bill, a statement of any administrative actions proposed to implement the agreement, an explanation of how the bill and statement change or affect existing law, and a statement of reasons the agreement serves the interests of U.S. commerce and why the bill and proposed action are required and appropriate.	Requires that the consultations also include the nature of the agreement and how and to what extent it achieves U.S. overall and principal negotiating objectives. Adds requirement that the President state that the agreement achieves one or more overall and principal negotiating objectives, the reasons as to how and to what extent the agreement achieves them, and why and to what extent the agreement does not achieve other objectives. Adds requirement that the President include in his statement accompanying trade agreements, a description of his efforts to obtain international exchange rate equilibrium and any effects the agreement may or may not have on increased international monetary stability.
(f) Conditional MFN	In order to ensure that a foreign country which benefits from a section 102 trade agreement is also subject to the obligations, the President may recommend to the Congress in the implementing bill and statement of administrative action that the benefits and obligations apply solely to the parties to the agreement, if such application is consistent with the terms of the agreement.	Requires the President to recommend that trade agreement benefits and obligations apply solely to signatory countries to the agreement, if such treatment is appropriate and consistent with the terms of the agreement and U.S. international obligations.

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3. Miscellaneous tariff agreements with Canada	President may enter into bilateral trade agreements with Canada until January 3, 1988, under section 102, Trade Act of 1974, subject to Congressional approval of agreements under "fast track" implementation procedure.	Adds 5-year authority (until January 3, 1991) for the President to enter into an agreement with Canada providing for the reduction or elimination of duties on a specific list of tariff items and to proclaim such modifications, to the extent that tariff concessions of approximately equivalent value are granted by Canada in exchange.
4. Compensation authority	Section 123, Trade Act of 1974, authorizes the President to enter into trade agreements and proclaim new concessions as compensation only for section 203 import relief actions, in order to maintain the general level of reciprocal and mutually advantageous concessions. No duty reductions may exceed 30% of existing levels. The President must consider whether the country concerned has violated commitments of benefit to the U.S. and the violation has not been adequately offset.	Amends section 123 to provide authority to enter into and proclaim compensation agreements for increases in or imposition of duties or other import restrictions under section 301, by legislation, or by tariff reclassification, subject to the same duty reduction limitations under general tariff agreement authority, if necessary or appropriate to meet U.S. international obligations.

FUNCTIONS OF THE U.S. TRADE REPRESENTATIVE

Item	Present Law	Subcommittee Proposal
1. Trade policy functions		
a. USTR	Section 141, Trade Act of 1974, establishes the Office of the U.S. Trade Representative in the Executive Office of the President (1) to be the chief U.S. representative for trade negotiations; (2) to report directly and be responsible to the President and the Congress on the administration of the trade agreements program; (3) to advise the President and the Congress on matters related to the trade agreements program; and (4) to chair the interagency trade organization.	Amends section 141 to add functions enumerated in the Reorganization Plan of 1979. The USTR shall-- (1) have primary responsibility for developing and coordinating implementation of U.S. international trade policy; (2) serve as the principal advisor to the President on international trade policy and advise the President on the impact of other U.S. Government policies on international trade; (3) have lead responsibility for the conduct of, and be chief U.S. representative for, international trade negotiations; (4) issue and coordinate trade policy guidance to other agencies; (5) act as principal international trade spokesman of the President; (6) report directly and be responsible to the President and the Congress on the administration of the trade agreements program; (7) advise the President and the Congress on nontariff barriers, international commodity agreements, and other matters related to the trade agreements program; (8) make reports to the Congress on trade negotiations and the trade agreements program; and

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		(9) in addition to powers and authorities currently delegated, be responsible for such other functions as the President may direct. The USTR must consult with, and be advised by, the interagency committee in performing these functions. Expresses the sense of Congress that the USTR should-- (1) be the senior representative on any body the President may establish to provide him advice on overall economic policies in which international trade matters predominate; and (2) be included as a participant in all economic summit and other international meetings at which international trade is a major topic.
b. Office of Unfair Trade Investigations; annual foreign trade barriers report	The Office of General Counsel administers USTR section 301 functions, including coordination of interagency support through a section 301 subcommittee of the interagency trade organization.	Establishes an Office of Unfair Trade Investigations in the USTR (1) to coordinate application of interagency resources in unfair trade investigations and (2) to prepare the annual foreign trade barriers report, assisted by an interagency advisory council chaired by USTR and consisting of representatives from specified sections of the Departments of State, Commerce, and Agriculture.
	Section 181, Trade Act of 1974, requires the USTR, assisted by the section 242 interagency trade organization, to prepare an annual foreign trade barriers report that (1) identifies and analyzes acts, policies, or practices that constitute	Adds requirements that the report identify: (1) foreign acts, policies, or practices considered to be inconsistent with U.S. rights under international

Item	Present Law	Subcommittee Proposal
	significant barriers to, or distortions of, U.S. exports and foreign direct investment; (2) estimates the trade-distorting impact on U.S. commerce of any practice; and (3) describes any action taken or reasons for no action to eliminate any practice identified.	agreements and having a significant adverse impact on U.S. commerce; (2) foreign practices having a significant adverse impact on firms or industries too small or financially weak to file a case on their own; and (3) foreign practices having a significant adverse impact on U.S. commerce that attainment of a principal U.S. negotiating objective would eliminate. Identified practices under (1) and (2) above would be referred to the appropriate agencies for consideration of action, including discretionary self-initiation. USTR must report to the Committees on Ways and Means and Finance annually on any actions taken on these practices. In addition, the Office must identify, on a biannual basis, U.S. Government policies and practices that may constitute an unfair trade practice based upon U.S. laws.
c. Interagency trade organization	Section 242(a), Trade Expansion Act of 1962, requires the President to establish an interagency trade organization (the Trade Policy Committee structure) consisting of the USTR and heads of other agencies as the President designates, to assist him in carrying out his trade functions. The organization may invite the participation of any agency not represented when matters of its interest are under consideration.	Specifies that the interagency trade organization will be composed of the USTR as chair, and the Secretaries of Commerce, State, Treasury, Agriculture, and Labor. USTR may invite other agencies to particular meetings, as appropriate, on subjects of specific functional interest. The organization shall be advisory to the USTR in carrying out his section 141 functions as well as assist the President in carrying out his functions under the trade laws.

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	Section 242(b) specifies the organization shall, in assisting the President -- (1) make recommenations on basic policy issues arising in the administration of the trade agreements program; (2) make recommendations as to what action, if any, he should take on ITC reports under section 201; (3) advise him of the results of hearings under section 302 and recommend appropriate action; and (4) perform such other functions with respect to the trade agreements program as the President designates.	Adds to the existing functions that the organization— (1) assist the President on the development and implementation of U.S. international trade policy objectives; (2) advise the President on the relationship between U.S. international trade policy objectives and other major policy areas which may significantly affect the overall U.S. international trade policy and trade competitiveness; (3) perform such other functions as the President may designate. Requires the organization, in carrying out its functions, to take into account the advice of Congressional and pricate sector advisers. Expresses the sense of Congress that the section 242 organization should be the principal interagency forum within the Executive branch on international trade policy matters.
2. Trade policy agenda	No provision.	Requires the USTR by March 1 of each year to submit a statement to the House Ways and Means and Senate Finance Committees of— (1) U.S. overall trade policy objectives and priorities for the year and the reasons therefor; (2) actions proposed or anticipated during the year to achieve these objectives, including actions under the trade laws and any negotiations contemplated; (3) any proposed legislation necessary or appropriate to achieve these objectives; and

Item	Present Law	Subcommittee Proposal
		(4) the progress made toward accomplishment of trade policy objectives during the period since the previous report. USTR must consult with appropriate private sector advisers and the Committees before submitting the statement and consult periodically with the Committees on the status, results, and any developments which may require or result in changes in the agenda.

CONSULTATION AND ADVISORY PROCEDURES FOR TRADE POLICY AND TRADE NEGOTIATIONS

Item	Present Law	Subcommittee Proposal
1. ITC advice	Section 131, Trade Act of 1934, requires the ITC to advise the President as to the probable economic effect of modifying, continuing, or increasing duties under any proposed trade agreement. The ITC must hold public hearings and submit the advice within 6 months after receiving a list from the President of articles which may be considered.	Expands the scope of ITC advice to include its judgment as to the probable economic effect of modifying non-tariff measures in a trade agreement, and to cover the impact of possible changes on services, intellectual property, and investment. ITC investigations and reports would also be required, upon request of the President, for development of trade policy, priorities for negotiations, and priorities for actions to improve opportunities in foreign markets.
2. Public hearings	Section 133, Trade Act of 1974, requires the President, in connection with any proposed trade agreement, to afford an opportunity for any interested person to present views on tariff or other matters.	Expands the scope of public hearings to include non-tariff matters specifically, as well as trade policy development and priorities, when appropriate.
3. Prerequisites for offers	Section 134, Trade Act of 1974, requires that the President receive a summary of the public hearings under section 133 and the ITC advice under section 131 prior to making offers in trade negotiations on U.S. duties, import restrictions, or trade barriers.	Expands the requirement to cover offers on barriers to trade in services, foreign direct investment, and intellectual property.
4. Private or public sector advice	Section 135, Trade Act of 1974, requires the President to seek information and advice from representatives of the private sector and non-Federal governmental sector on negotiating objectives and bargaining	Expands the committees' role to include information and advice on the development and implementation of overall U.S. trade policy; and priorities for actions to implement such policy.

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	positions before entering into a trade agreement; the operation of any trade agreement; and other matters concerning administration of U.S. trade policy.	Consultations shall include, but are not limited to, the following elements of such policy: (a) the principal multilateral and bilateral trade negotiating objectives and the progress being made toward their achievement; (b) the implementation, operation, and effectiveness of recently concluded multilateral and bilateral trade agreements and resolution of trade disputes; (c) the actions taken under U.S. trade laws and the effectiveness of such actions in achieving trade policy objectives; and (d) important developments in other areas of trade. Such advice shall be taken into account in determining trade policy priorities.
	The committees consist of a 45-member Advisory Committee for Trade Negotiations (ACTN), appointed by the President to provide overall policy advice. It includes representatives of government, labor, industry, agriculture, small business, service industries, retailers, consumers, and the general public, to meet at the call of USTR.	Renames ACTN the Advisory Committee for Trade Policy and Negotiations, to be appointed by USTR, to represent non-Federal governments, labor, industry, agriculture, small business, services, retailers and consumer interests, and to be broadly representative of key sectors and groups of the economy, particularly those affected by trade. Appointments must reflect a balance between the political parties. The Committee shall meet quarterly or at the call of USTR or two-thirds of its members.

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	In addition, there are general policy advisory committees for industry, labor, agriculture, and services; sectoral or functional advisory committees representative of all industry, labor, agricultural, or service interests; and policy advisory committees representing non-Federal governmental interests.	Expands the individual policy advisory committees to cover investment and defense. Explicitly authorizes the formation of special task forces, plenary meetings of chairmen, or other working groups.
	The committees must meet at the conclusion of each trade agreement negotiation to provide the President, Congress, and the USTR a report, including an advisory opinion as to whether and to what extent the agreement promotes U.S. economic interests and provides for equity and reciprocity within sector or functional areas involved.	Requires each committee also to report whether and to what extent each trade agreement achieves U.S. overall and principal negotiating objectives. Requires each report on a section 102 agreement to be provided no later than the date the draft implementing bill is submitted to the Congress.
	USTR and other appropriate agencies must consult with and obtain information and advice from the committees on a continuing and timely basis, including before and during negotiations. Members may be permitted to participate in international meetings but not speak or negotiate for the U.S. The President must include consultations in the annual section 163 report, with reasons for not accepting advice or recommendations.	Committee members may also be designated as advisors to a negotiating delegation. During the course of consultations with Congress, committee information and advice shall be made available to Congressional advisors.

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5. Congressional consultations	Section 161, Trade Act of 1974, provides for appointment at the beginning of each session of Congress of five official Congressional advisors by the Speaker of the House from the Committee on Ways and Means and five official advisors by the President of the Senate from the Committee on Finance to U.S. delegations to international negotiating sessions on trade agreements. The USTR must keep each advisor and designated committee staff members informed of the objectives and status of negotiations and of any changes which may be recommended in U.S. law or administration to carry out any trade agreement.	After consultations with the chairmen and ranking minority members of Ways and Means and Finance, provides for additional specially accredited Congressional advisors on specific policy matters or negotiations where the Ways and Means and Finance chairmen advise that other committees of the Congress have jurisdiction over legislation likely to be affected by such specific negotiations. The advisors shall also be consulted and provide advice on the development of trade policy and priorities for its implementation. USTR shall consult with, and seek information and advice from, the Ways and Means and Finance Committees (when necessary in executive session) frequently, at least four times a year, on the development, implementation, and administration of overall U.S. trade policy, including on the annual trade policy agenda required by the proposal. Such consultations shall include, but are not limited to-- (1) the principal multilateral and bilateral negotiating objectives and the progress being made toward their achievement; (2) the implementation, administration, and effectiveness of recently concluded multilateral and bilateral trade agreements and resolution of trade disputes; (3) actions taken, and proposed to be taken, under U.S. laws and the effectiveness, or anticipated effectiveness, of such actions in achieving trade policy objectives; and

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Item	Present Law	Subcommittee Proposal
		(4) important developments and issues in other areas of trade policy.
6. Transmission of agreements to Congress	Section 162, Trade Act of 1974, requires the President to transmit any trade agreement to the Congress with a statement of his reasons for entering into it.	Expands the statement to include an explanation of how the agreement will enhance U.S. international trade competitiveness, expand export opportunities, establish equitable trade patterns, and further overall U.S. trade policy.

MISCELLANEOUS TRADE LAW PROVISIONS

Item	Present Law	Subcommittee Proposal
1. National security relief	Section 232 of the Trade Expansion Act of 1962, requires the Secretary of Commerce to investigate, upon request or own motion, the effects of imports of an article on national security and report his findings and recommendations to the President within one year. If he finds "an article is being imported in such quantities or under such circumstances as to threaten to impair the national security," the President, if he concurs with the finding, must take such action for such time as he deems necessary to "adjust" the imports. There is no time limit for the President's decision.	Reduces the period for investigation by Commerce to 9 months. Imposes a 90-day time limit for the President to determine whether he concurs with the Secretary's advice and, if so, the nature and duration of action. Requires proclamation of any action within 15 days.
2. Reallocation of GSP benefits to Latin American debtor nations	Section 504(c), Trade Act of 1974, authorizes the President as of January 4, 1987, to waive the "competitive need" dollar and percentage GSP limits on individual eligible articles from particular beneficiary developing countries, by an amount not to exceed 30% of total GSP benefits granted in the preceding year, of which not more than one-half may be waived for more advanced developing countries. Any waiver must be based on a Presidential national economic interest determination, with great weight given to the extent the country will provide equitable and reasonable market access to U.S. products and adequate protection and enforcement of intellectual property rights. The ITC	Requires the President to waive "competitive need" limits on any eligible article from any Latin American beneficiary country that qualifies for waiver under the existing criteria, is determined by the President to have difficulty servicing its debt, and has at least 20% of its debt held by any combination of U.S. banks, the IMF, and World Bank. Aggregate waiver amount for such nations cannot exceed the total value of new competitive need exclusions in preceding year and would count against the total available waiver "pool." In allocating this waiver among debtor countries and articles, the President must give great weight to (1) the amount of debt of each country relative to its GNP,

Item		Present Law	Subcommittee Proposal
		must provide advice on whether any U.S. industry is likely to be adversely affected by a waiver.	(2) the estimated percentage of export earnings each country would be required to devote to debt servicing, and (3) each country's trade surplus with the U.S. relative to its outstanding debt.
3.	Transfer of GSP authority	Title V, Trade Act of 1974, authorizes the President to designate beneficiary developing countries and eligible articles to receive duty-free treatment under GSP. All other authorities, determinations, and functions under the GSP program, including the withdrawal, suspension, or limitation of benefits, also reside with the President.	Transfers all authorities, determinations, and other functions under GSP from the President to the USTR.
4.	Customs Forfeiture Fund	In Public Law 98-573 a "Customs Forfeiture Fund" was established into which net proceeds from forfeitures would be deposited to be available to Customs, subject to appropriation, to pay designated expenses associated with seizure and forfeiture. This fund was inadvertently repealed by section 1152(b) of Public Law 99-570.	Repeals section 1152(b) of Public Law 99-570 to clarify that the Customs Forfeiture Fund still exists.
5.	Scofflaw penalties for multiple customs law offenders	The penalties applicable to persons who violate our customs laws in importing merchandise are determined without regard to whether the party has previously been found in violation of such laws.	Directs the Secretary of the Treasury to issue an order prohibiting for a 3-year period, any person, who over a 7-year period has either been convicted of, or assessed a civil penalty for, 3 separate violations of one or more customs laws finally determined to involve fraud or criminal culpability, from importing or engaging others to import any goods or services into the United States. Anyone who violates or knowingly aids or abets the violation of such an exclusion order

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		would be subject to a fine of not more than $250,000 or imprisonment for not more than 10 years or both. The term "customs law" refers to any Federal law providing a criminal or civil penalty for an act, or failure to act in importing goods into the United States.
6. Coal exports to Japan	No provision.	Establishes sense of Congress that (1) the objectives of the November 1983 Joint Policy Statement on Energy Cooperation, with respect to U.S. coal exports to Japan have not been achieved; (2) the USTR should negotiate an agreement with Japan to achieve "reciprocity," whereby Japanese imports of coal will be equivalent to the amount used in production of steel products exported to the U.S.; and (3) the President should report to Congress on the results of negotiations.
7. Steel imports	Under the Steel Import Stabilization Act (title VIII of the Trade and Tariff Act of 1984), the President is authorized to enforce quantitative restrictions on steel imports, as provided in bilateral arrangements with steel-exporting countries. At the present time, the United States has bilateral arrangements with 18 countries plus the European Community. These agreements generally provide for the enforcement of quantitative restrictions by means of export visas issued by the foreign government.	Provides explicit authority to enforce quantitative restrictions on steel imports when the steel product is exported from an arrangement country and transshipped or transformed in a nonarrangement country before entering the United States. Authorizes the President to treat any steel product that is manufactured in a country that is not party to a bilateral arrangement (a "nonarrangement country") from steel which was melted and poured in a country that is party to a bilateral arrangement (an "arrangement country"), for purposes of the quantitative restrictions under that arrangement as if it were a product of the arrangement country.

Item	Present Law	Subcommittee Proposal
8. Import monitoring	No provision.	Directs the U.S. International Trade Commission to monitor imports into the United States in order to identify, rank, and analyze product sectors for which imports are likely to pose potential significant trade impact problems for U.S. industries. The Commission is directed to take into account such factors as changing net trade balances and evidence of increasing domestic market penetration with respect to such product sectors and to submit a quarterly report containing such analysis to the Committee on Ways and Means and the Committee on Finance.
9. ITC's handling of confidential information	Section 332(g) currently requires that the Commission "put at the disposal of the President of the United States, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, whenever requested, all information at its command."	Amends section 332(g) to prohibit the Commission from releasing information which it considers to be confidential business information, unless that party submitting the confidential business information had notice, at the time of submission of the information that such information would be released by the Commission or the submitting party has subsequently consented to release of the information.

Item	Present Law	Subcommittee Proposal
10. Status of ITC under Paperwork Reduction Act	The Paperwork Reduction Act of 1980 (44 U.S.C. 3501) requires that all Federal agencies collecting information from 10 or more members of the public submit their questionnaires to OMB for approval prior to seeking the information. In the event OMB disapproves the issuance of a questionnaire, the Act authorizes independent regulatory agencies to override OMB disapproval by majority vote. The Act defines the term "independent regulatory agency" to include certain enumerated agencies "and any other similar agency designated by statute as a Federal independent regulatory agency or commission." The Commission is not one of the enumerated agencies and it is unclear whether the Commission is an "independent regulatory agency or commission."	Amends section 330 of the Tariff Act of 1930 to designate the Commission as an "independent regulatory agency" for purposes of the Paperwork Reduction Act.
11. Caribbean Basin Initiative	The President cannot designate or must withdraw or suspend CBI beneficiary status if the country takes certain actions (e.g., nationalizes or expropriates U.S. property, broadcasts U.S. copyrighted material without consent).	Authorizes the President to withdraw, suspend, or limit duty-free treatment on any articles in lieu of removal from CBI of the country as a whole.

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Item	Present Law	Subcommittee Proposal
12. National economic security reports	Section 332 of the Tariff Act of 1930 authorizes the ITC to investigate and report on numerous subjects concerning tariff and trade relations, including conditions, causes, and effects relating to competition of foreign industries with U.S. industries.	ITC would be required to submit to Congress and to the USTR, on an annual basis, studies on the conditions of competition in U.S. and global markets with respect to key sectors of the U.S. economy, and on the implications of such competitive conditions for U.S. national economic security. The purpose of these studies shall be to analyze competitive conditions in a manner which will be useful to U.S. policymakers in anticipating sectoral trade problems and in formulating appropriate trade policies to address such sectoral problems. In deciding which sectors should be the subject of these studies, ITC shall consult with USTR, and with the House Committee on Ways and Means and the Senate Committee on Finance, and shall consider the following factors: (a) the extent to which the sector involves a critical technology; (b) the extent to which the sector contributes to the industrial base of an economy; (c) the extent to which the sector contributes to the health or condition of other sectors; (d) the role of the sector in the domestic economy generally (GNP, employment, etc.); (e) the potential role of the sector in global markets over the next decade. USTR would be required to take these studies into account in developing its annual Trade Policy Agenda.

Item	Present Law	Subcommittee Proposal
13. Competitive impact statements	No provision.	If a regulation, Executive order or agreement, or Executive proposed legislation may have a significant impact on competitiveness, the President must submit an impact statement 60 days in advance to Ways and Means and Finance, subject to national interest or emergency waiver; the President must publish and report any waiver to the committees.
14. Country of origin marking	Section 304(h) of the Tariff Act (19 U.S.C. 1304) provides for a fine of not more than $5000, or imprisonment of not more than one year upon conviction for any person who "with intent to conceal" alters or removes the country of origin marking required under the statutes.	Increases the maximum fine for intentional alteration or removal of country of origin markings to $100,000 on the first offense and $250,000 for subsequent offenses.

INTERNATIONAL TRADE IN TELECOMMUNICATIONS PRODUCTS AND SERVICES

Item	Present Law	Subcommittee Proposal
1. Short title	There is no statute dealing specifically with international trade in telecommunications products and services. Section 301 of the Trade Act of 1974 authorizes the President to take action against unfair trade practices in all industries, including telecommunications.	Telecommunications Trade Act of 1986.
2. Findings and purposes		General findings and purposes about trade in telecommunications, importance of foreign market access.
3. Administering authority		U.S. Trade Representative (USTR).
4. Standard of foreign market openness		"Fully competitive market opportunities" for U.S. telecommunications firms in those markets in which barriers exist to free international trade. Term not otherwise defined, except that the list of negotiating objectives in the bill establishes the sorts of conditions which characterize "fully competitive market opportunities."
5. Negotiating objectives		This section sets forth six primary negotiating objectives and seven secondary negotiating objectives to be referred to by the USTR for the purpose of section 204, which requires the USTR to establish specific negotiating objectives on country-by-country basis.

Item	Present Law	Subcommittee Proposal
6. Investigations and negotiating objective		
(a) Investigations		Within 6 months of enactment, the USTR must identify and analyze those foreign acts, policies, and practices that deny fully competitive market opportunities to the telecommunications products and services of U.S. firms.
(b) Negotiating objectives		The USTR also must establish specific negotiating objectives for each country identified, which should be pursued to obtain fully competitive market opportunities. In establishing the negotiating objectives for a particular country, the USTR is to take certain factors (specified in the bill) into account.
7. Consultation		The USTR must consult with the Secretary of Commerce and the interagency trade organization, and with the private sector, including labor, in these efforts.
8. Petitions by interested parties; self-initiation		Petitions by interested parties and self-initiation by the USTR may prompt an investigation, except that no petition may be filed before the completion of investigations mandated by this section (maximum of 6 months after enactment). Any investigation and a final determination must be made within 6 months of initiation of the investigation (in the case of self-initiation) or of the date a petition is filed.

Item	Present Law	Subcommittee Proposal
9. Exclusion of countries with limited market potential		The USTR may exclude from investigation any country whose potential market for U.S. telecommunications products and services is not substantial.
10. Review of countries excluded from investigation		Requires annual review of the market potential of countries previously excluded from investigation due to small market size. Investigation required if substantial market potential exists.
11. Action by President in response to investigations		
(a) Negotiations		Requires the President to enter into negotiations with countries identified by the USTR as denying fully competitive market opportunities. The purpose of the negotiations is to enter into bilateral or multilateral agreements which achieve the objectives established by the USTR for each country or group of countries.
(b) Time limit for negotiations		In the case of negotiations entered into as a result of investigations mandated by the bill, agreements must be reached no later than 18 months after enactment [6 months investigation by USTR; 1 year to negotiate—or more time to negotiate if USTR investigation completed in less than 6 months]. In the case of investigations entered into as a result of self-initiation or petition, agreements must be entered into within 12 months after the commencement of negotiations.

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(c) Extension of negotiating period		The President may request up to 2 one-year extensions of negotiating authority, subject to "fast-track" Congressional consideration, by submitting a draft bill 90 days prior to the expiration of the negotiating period and a statement that: (1) substantial progress is being made in negotiations; and (2) further negotiations are necessary to achieve the objectives. The President must keep the House Ways and Means and Senate Finance Committees informed of negotiating priorities and objectives; prospects; and any U.S. concessions which may be required.
12. Actions to be taken by President if no agreement		
(a) Mandatory action		If the President is unable to enter into an agreement which achieves the primary objectives established by the USTR, he shall take whatever actions authorized in the bill that are necessary and appropriate to achieve the purposes of such objectives.
(b) Discretionary action		If the agreement fails to achieve any secondary objectives established by the USTR, the President may take action to achieve those objectives. The President is authorized to take a wide variety of actions under trade laws and other laws. However, any actions taken must be directed first at telecommunications products and services from the country concerned.

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Item	Present Law	Subcommittee Proposal
(c) Miscellaneous provisions		Contracts entered into before the date of enactment of the bill are grandfathered. "Fast-track" Congressional approval is required for any actions taken by the President against imports. The President must consult with the private sector, including labor, and the interagency trade organization in determining which actions to take.
13. Modification or termination of actions		The President may modify or terminate any action taken against a country only if that country enters into an agreement which achieves the objectives established by the USTR.
14. Enforcement of trade agreements		
(a) Annual reviews		Requires the USTR to conduct annual reviews to determine whether any act, policy, or practice of a country with which a telecommunications trade agreement has been reached (either prior to enactment or under this bill): -- is not in compliance with the terms of the agreement, or -- otherwise denies fully competitive market opportunities under the agreement.

Item	Present Law	Subcommittee Proposal
(b) Review factors		In making this determination, the USTR is required to "consider any evidence of actual patterns of trade (including United States exports of telecommunications products to a foreign country and sales and services related to those products) that do not reflect patterns of trade which would reasonably be anticipated to flow from the concessions or commitments of such country based on the international competitive position and export potential of such products and services." The USTR must consult with the ITC with regard to "actual patterns of trade."
15. Action in response to affirmative determination		
(a) Action		If the USTR determines that a country's acts, policies, or practices violate a telecommunications trade agreement or deny fully competitive market opportunities under the agreement, he shall take whatever authorized actions that are necessary to: (a) fully offset the foreign act, policy, or practice, and (b) restore the balance of concessions between the U.S. and the foreign country in telecommunications trade. Action may not be taken by the USTR against a country with an agreement in existence on the date of enactment before action has been taken by the President against any other country.

Item	Present Law	Subcommittee Proposal
(b) Actions authorized		The USTR is authorized to terminate, withdraw, or suspend trade agreements or take any action under section 301 of the Trade Act of 1974, except that action must be directed first at telecommunications products and services from the country concerned.
(c) Miscellaneous		Contracts entered into before the date of enactment of the bill are grandfathered. "Fast-track" Congressional approval is required for any action taken by the USTR against imports. The USTR must consult with the interagency trade organization and the private sector, including labor, in determining what actions to take.
16. Modification and termination authority		The USTR may modify or terminate actions taken against a country only if he determines that the country has taken appropriate remedial action regarding the act, policy, or practice concerned. The House Ways and Means and Senate Finance Committees must be informed promptly of any modification or termination.
17. Trade agreement authority		Forty-two-month trade agreement authority is provided. "Fast-track" Congressional approval of trade agreements required for all agreements except those involving unilateral concessions on the part of a foreign country, which may be implemented by Presidential proclamation.

Item	Present Law	Subcommittee Proposal
		Provides that agreements may be extended on a non-MFN basis and need not apply uniformly to all parties to an agreement.
18. Compensation authority		The President is authorized to compensate any country for actions taken by the President or the USTR against its trade, if such action is found to violate U.S. international obligations. Compensation package is subject to "fast-track" Congressional consideration.
19. Definitions		Definition of telecommunications product in terms of TSUS numbers.
20. International obligations		Provides that nothing in the Act shall be construed to require the President and the U.S. Congress to violate U.S. legal obligations, including GATT obligations.

TARIFF AND CUSTOMS PROVISIONS

Item	Present Law	Subcommittee Proposal
1. Reference		All changes in this title refer to the Tariff Schedules of the United States (TSUS).
2. Importation of furskins	Prohibits entry of ermine, fox, kolinsky, marten, mink, muskrat, and weasel furskins which are the product of the Union of Soviet Socialist Republics.	Ends prohibition of importation of furskins from Russia.
3. Salted and dried plums	Classified as "otherwise prepared or preserved" at 17.5% ad valorem.	Creates new tariff classification for plums, soaked in brine and dried, at the 2 cents per pound rate currently applicable to other dried plums.
4. Grapefruit	The tariff rate of 20 cents per gallon for not concentrated juice applies to both natural (fresh) juice and to juice produced from concentrated juice (reconstituted).	The lower tariff rate of 20 cents per gallon would apply only to natural unconcentrated juice. The rate for reconstituted juice would be 35 cents per gallon.
5. Carroted furskins	Both hatters' fur and carroted furskins are dutiable at a col. 1 rate of 15% ad valorem. Col. 1 rate for hatters' fur is suspended through Dec. 31, 1985.	Makes permanent the duty-free treatment for hatters' fur. Retroactive to January 1, 1986. Carroted furskins and hatters' fur are separated for tariff purposes.
6. Certain types of plywood	Plywood and wood-veneer panels which have been edgeworked are classified as building boards rather than as plywood, with a lower ad valorem equivalent of approximately 10%.	Clarifies that imports of tongued, grooved, lapped, or otherwise edgeworked plywood, wood-veneer panels, and cellular panels are classified as plywood at a duty rate of 20% ad valorem.

Item	Present Law	Subcommittee Proposal
7. Broadwoven fabrics of man-made fibers	Woven fabrics of man-made fibers, other than those containing over 17% of wool by weight, are included in item 338.50, with a possibility of 99 statistical annotations.	Renumbers existing provisions to provide for a possible 297 statistical annotations on woven fabrics of man-made fibers, but would not change rates of duty.
8. Uranium hexaflouride (UF_6)	Uranium compounds other than oxide enter under item 422.52 and are duty-free.	Adds new tariff provisions for uranium hexaflouride (UF_6) that is imported from any country requiring that uranium mined in that country be converted or upgraded into UF6 before export and provides for a duty of $3 per pound on both col. 1 and col. 2.
9. Silicone resins and materials	Silicones are classified in one of nine categories with duties ranging from zero to 8.6% ad valorem. Silicone resins enter under one of seven categories with col. 1 duties ranging from duty-free to 13.5% ad valorem.	Creates a single TSUS item for silicone products and applies a rate of duty of 3.7% ad valorem.
10. Classification of naphtha and motor fuel blending stocks	Naphtha and motor fuel blending stocks are classified in part 1, part 2, or part 10 of schedule 4, depending on the specific characteristics of the blending stock.	Creates a single provision applicable to "motor fuel blending stocks," requires verification that they are to be used in manufacturing motor fuels, and provides a tariff rate identical to those on imported motor fuel, 1.25 cents per gallon col. 1 and 2.5 cents per gallon col. 2.
11. Television apparatus and parts	Color picture tubes are dutiable at col. 1 rate of 15% ad valorem and col. 2 rate of 60% ad valorem. Color assemblies are dutiable at a col. 1 rate of 5% ad valorem, and a col. 2 rate of 35%.	Closes a loophole created by the customs ruling that picture tubes shipped in separate containers with an equal number of assemblies are dutiable at 5% ad valorem as assemblies rather than 15% as picture tubes. Provides for a duty increase phase-in period on such picture tubes to be dutiable at 11% ad valorem through Oct. 31, 1987.

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Item	Present Law	Subcommittee Proposal
		Suspends duty on color picture tubes less than 12 inches through Dec. 31, 1990.
12. Bicycle-type and exerciser-type speedometers	Speedometers, other than for bicycles, (e.g., exercise cycles) are duty-free. Bicycle speedometers are assessed a col. 1 rate of 17% ad valorem.	Creates a single classification covering bicycle-type and exerciser-type speedometers at a dutiable col. 1 rate of 17% ad valorem.
13. Marking of watches and watch components	Requires that any movement, case, or dial imported be conspicuously and indelibly marked with country of manufacture; name of manufacturer or purchaser; the number of jewels, if any; and the number and classes of adjustments.	Retains present marking requirements except for 5 changes: eliminates dials from marking requirements; requires legible rather than conspicuous marking; allows "mold-marking;" deletes the requirement concerning adjustments, and gives the manufacturer the option of marking either the watch case or the bezel.
14. Casein	Imported casein is currently classified in schedule 4 of the TSUS which covers chemicals and related products. These imports enter duty-free.	Reclassifies casein imported for human food and animal feed in schedule 1, which covers agricultural products. Casein so entered would be subject to a 0.2 cent per pound duty under col. 1 and a 5.5 cents per pound duty under col. 2.
15. Color couplers and coupler intermediates	The duties on photographic coupler intermediates and photographic color couplers were suspended through Sept. 30, 1985.	Amends suspension description to exempt from suspension the color coupler commonly referred to as C-1 and extends suspension of duty through Dec. 31, 1990. Retroactive to Sept. 30, 1985.
16. Potassium 4-sulfobenzoate	Col. 1 rate of duty 1.7 cents per pound plus 17.9% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
17. 2,2'-OxamidoBis [ethyl-3-(3,5-di-tert-butyl-4-hydroxyphenyl) propionate]	Col. 1 rate of 13.5% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.

	Item	Present Law	Subcommittee Proposal
18.	Dicyclohexylbenzothiazylsulfenamide	Col. 1 rate of 1.7 cents per pound plus 16.2% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
19.	2,4-Dichloro-5-sulfamoylbenzoic acid	Col. 1 duty rate of 1.7 cents per pound plus 18% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
20.	Derivatives of N-[4-(2-hydroxy-3-phenoxypropoxy) phenyl]-acetamide	Col. 1 duty rate of 1.7 cents per pound plus 13.6% ad valorem, but not less than the highest rate applicable to any component material.	Suspends col. 1 duty through Dec. 31, 1990.
21.	1,2-dimethyl-3,5-diphenylpyrazolium methyl sulfate (difenzoquat methyl sulfate)	Col. 1 duty rate of 13.5% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
22.	Dicofol	Duty temporarily reduced from 13.7% to 8.6% ad valorem through Sept. 30, 1985.	Suspends col. 1 duty through Dec. 31, 1990.
23.	Certain knitwear fabricated in Guam	Due to new final rules of origin issued by Customs for textiles, full-fashioned sweaters joined from preshaped parts are treated as a product of the country of origin of the component part.	Continues duty-free treatment by suspending duty on sweaters from Guam assembled from preshaped parts within guidelines of headnote 3(a) and within quota levels through Oct. 31, 1992.
24.	3,7-Bis(dimethyl-amino)-phenazathonium-chloride	Col. 1 duty rate of 20% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.

	Item	Present Law	Subcommittee Proposal
25.	3,5-Dinitro-o-toluamide	Col. 1 duty rate of 8.1% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
26.	Secondary-butyl chloride	Col. 1 duty rate of 18% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
27.	Certain nonbenzoid vinyl acetate-vinyl chloride-ethylene terploymer	Col. 1 duty rate of 5.3% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
28.	Tungsten ore	Col. 1 duty rate of 17 cents per pound on tungsten content.	Suspends col. 1 duty through Dec. 31, 1990.
29.	Certain stuffed or filled toy figures	Certain stuffed toy figures valued over 10 cents per inch of height enter under item 737.30 with a col. 1 duty rate of 5.5% ad valorem. Certain filled toy figures enter under item 737.40 with a col. 1 duty rate of 7% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990, on certain stuffed or filled toy figures not exceeding 25 inches in either length, width, or height.
30.	Certain plastic sheeting	Col. 1 duty rate of 5.3% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
31.	Pan American Games	No provision.	Grants duty-free entry for personal effects, equipment, and other related articles coming to the Tenth Pan American Games, through Sept. 30, 1987, and provides for duty-free treatment retroactive to Nov. 30, 1986.
32.	Doll wig yarns	Classified under several items in schedule 3 with duty rates at levels including 6 cents per pound; 10% ad valorem; and 9% ad valorem.	Suspends col. 1 duty on certain specialty yarns of manmade fibers through Dec. 31, 1990.

	Item	Present Law	Subcommittee Proposal
33.	Carding and spinning machines	Col. 1 duty rate of 4.7% ad valorem.	Suspends col. 1 duty on carding and spinning machines except for machines designed for manufacture of combed wool yarns through Dec. 31, 1990. Amends headnote to provide for duties to be applied to parts of these machines.
34.	Certain bicycle parts	Col. 1 duty rates range from 6% to 7.6% ad valorem. Duty on certain bicycle component parts is suspended through June 30, 1986.	Modifies description and extends suspension thru Dec. 31, 1990, on certain bicycle parts. Retroactive to June 30, 1986.
		Bicycle chains are classified in item 652.13 at a col. 1 duty rate of 6.6% ad valorem and in item 652.15 at a col. 1 duty rate of 4.2% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
		Section 3 of the Foreign Trade Zones Act excepts bicycle component parts from Custom's exemption application to Foreign Trade Zones through June 30, 1986.	Extends the Foreign Trade Zones Act exception through Dec. 31, 1990. Retroactive to June 30, 1986.
35.	1-(3-Sulfopropyl)pyridiam hydroxide	Col. 1 duty rate of 13.5% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
36.	d-6-Methoxy-alpha-methyl-2-naphthalene-acetic acid and its sodium salt	Col. 1 duty rate of 6.8% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
37.	Dinocap	Classifed in item 408.16 at a col. 1 duty rate of 11.1% ad valorem and in item 408.38 at a col. 1 rate of 0.8 cents per pound plus 9.7% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.

	Item	Present Law	Subcommittee Proposal
38.	1,1-Bis(4-chlorophenyl)-2,2,2-trichloroethanol (Dicofol)	Col. 1 duty rate of 0.8 cents per pound plus 9.7% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
39.	Mancozeb, dinocap, stabilizer and application adjuvants	Col. 1 duty rate of 0.8 cents per pound plus 9.7% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
40.	Cholestyramine resin USP	Col. 1 duty rate of 6.9% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
41.	3-Amino-3-methyl-1-butyne	Col. 1 duty rate of 7.9% ad valorem.	Suspends col. 1 duty through Dec. 31, 1990.
42.	Maneb, zineb, mancozeb, and metiram	Col. 1 duty rate of 3.7% ad valorem but not less than the highest rate applicable to any component material.	Suspends col. 1 duty through Dec. 31, 1990.
43.	Nicotine resins	Duty is temporarily suspended for nicotine resin complex in the form of chewing gum through December 31, 1987.	Clarifies the definition of nicotine resin complex to include measured doses in chewing gum form and extends suspension through Dec. 31, 1990.
44.	Hosiery knitting machines and needles	Single cylinder fine gauge hosiery knitting machines and double cylinder jacquard hosiery knitting machines are dutiable at a col. 1 rate of 4.4% ad valorem under item 670.16. Duty was suspended through Sept. 30, 1985.	Reinstates suspension on item 912.08 through Dec. 31, 1990, and provides for duty suspension retroactive to Oct. 1, 1985.
		Double cylinder hosiery knitting machines are dutiable under item 670.16 at a col. 1 duty rate of 4.4% ad valorem.	Suspends duty for all other double cylinder hosiery machines not provided for in item 912.08 through Dec. 31, 1992.
		Double headed latch needles are dutiable at a col. 1 rate of 10% ad valorem in item 670.58. Duty was suspended through June 30, 1985, under item 912.09.	Reinstates duty suspension through Dec. 31, 1990, under new item 912.18 and provides for duty suspension retroactive to July 1, 1985.

Item	Present Law	Subcommittee Proposal
	Latch needles are dutiable at a col. 1 rate of 10% ad valorem under item 670.58. All other needles for knitting machines (but not including spring-beard needles under item 670.60) are dutiable at a col. 1 rate of 23 cents per 1,000 and 8.2% ad valorem under item 670.62.	Suspends duty for all other latch needles in item 670.58 not provided for in item 912.18 and all other needles for knitting machines in item 670.62 through Dec. 31, 1990.
45. Extension of certain existing suspensions		
(1) Hot red peppers and salt	Col. 1 duty rate of 12% and 17.5% ad valorem. Duty suspended through June 30, 1985.	Reinstates suspension through Dec. 31, 1990. Retroactive to June 30, 1985.
(2) Cantaloupes	Col. 1 duty rate of 35% ad valorem. Duty suspended from Jan. 1 to May 15 until May 15, 1985.	Reinstates suspension on cantaloupes imported from Jan. 1 to May 15 through Dec. 31, 1990. Retroactive to May 15, 1985.
(3) Certain wools	Col. 1 duty rate ranges from duty-free to 5 cents per pound. Duty suspended through June 30, 1985.	Reinstates suspension through Dec. 31, 1990. Retroactive to June 30, 1985.
(4) Needlecraft display models	Col. 1 duty rates range from 7% to 25% ad valorem. Duty suspended through June 30, 1985.	Reinstates suspensions through Dec. 31, 1990. Retroactive to June 30, 1985.
(5) Triphenyl phosphate	Col. 1 duty rate of 17.7% ad valorem plus .1 cent per pound. Duty suspended through Sept. 30, 1985.	Reinstates suspension through Dec. 31, 1990. Retroactive to September 30, 1985.
(6) Sulfapyridine	Col. 1 duty rate of 11.6% ad valorem. Duty suspended through Dec. 31, 1985.	Reinstates suspension through Dec. 31, 1990. Retroactive to December 31, 1985.
(7) Synthetic rutile	Col. 1 duty rate of 5% ad valorem. Duty suspended through June 30, 1982.	Reinstates suspension of duty through Dec. 31, 1990. Retroactive to June 30, 1982.

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Item	Present Law	Subcommittee Proposal
(8) Certain clock radios	Col. 1 duty rate of 6% ad valorem. Duty suspended through Dec. 31, 1986.	Reinstates suspension through Dec. 31, 1990. Retroactive to December 31, 1986.
(9) Machines designed for heat-set, stretch texturing of continuous man-made fibers	Col. 1 duty rate of 4.2% ad valorem. Duty suspended through Dec. 31, 1985.	Reinstates suspension through Dec. 31, 1990. Retroactive to December 31, 1985.
(10) Stuffed dolls, certain toy figures, and skins thereof	Col. 1 duty rate of 12%, 7%, and 7% ad valorem, respectively. Duty suspended through Dec. 31, 1985.	Reinstates suspension through Dec. 31, 1990. Retroactive to December 31, 1985.
(11) Umbrella frames	Col. 1 duty rate of 12% ad valorem. Duty suspended through Dec. 31, 1986.	Reinstates suspension through Dec. 31, 1990. Retroactive to December 31, 1986.
(12) Crude feathers and down	Col. 1 duty rate of 7.5% ad valorem. Duty suspended through Dec. 31, 1987.	Reinstates suspension through Dec. 31, 1990.
46. GSP treatment of watches	Watches are listed as articles which may not be designated as eligible for GSP.	Watches would remain ineligible for GSP except those watches which, if given preferential treatment, will not cause material injury to the watch manufacturing and assembly operations in the U.S. and U.S. insular possessions.
47. Marking of containers of imported mushrooms	Sec. 304 of the Tariff Act of 1930 provides for marking of imported articles with the country of origin, which means the country of last substantial transformation.	Provides for imported preserved mushrooms to be marked with the country in which the mushrooms were grown as well as country of origin in order to be considered in compliance with sec. 304.

	Item	Present Law	Subcommittee Proposal
48.	Customs services at Pontiac/-Oakland, Michigan, airport	The Trade and Tariff Act of 1984 provides for certain small airports to have customs services available for a user fee.	Adds the Pontiac/Oakland, Michigan, airport to the list of airports to receive customs services for a user fee. Eliminates the maximum number of airports that can be designated for service on a fully reimbursable basis.
49.	Customs bond cancellation standards	No provision.	Requires the Secretary of the Treasury to publish guidelines establishing standards for setting terms and conditions for the cancellation of bonds.
50.	Relief of telescope, W.M. Keck Observatory project, Mauna Kea, Hawaii	No provision.	Provides duty-free entry for the telescope structure, the observatory domes, and the primary mirror blanks to be used in the W.M. Keck Observatory Project, Mauna Kea, Hawaii.
51.	Relief of Rukert Marine Corp. of Baltimore, Maryland	No provision.	Provides for reliquidation and refund on 16 entries of methionine entered in 1976 and 1977.
52.	Relief of Minimet, Inc., New York	No provision.	Provides for reliquidation and duty free treatment on 4 entries of tubular tin produced in 1979.

Item	Present Law	Subcommittee Proposal
		IMPLEMENTATION OF NAIROBI PROTOCOL
53. Implementation of Nairobi Protocol	The Trade and Tariff Act of 1982 provided for temporary implementation of the terms of the Nairobi Protocol. The applicable provisions expired Aug. 11, 1985.	Repeals 1982 Act, permits ratification of Protocol and makes the following other changes: Amends, repeals, and creates tariff provisions to incorporate the duty-free treatment of certain articles agreed to by the United States. Provides duty-free entry for specified printed matter, photographic films, specified visual and auditory material, tools for use with scientific instruments and apparatus, and most imported articles for the blind or for other physically or mentally handicapped persons. Empowers the President to terminate or narrow, or impose conditions on, the duty-free treatment granted to the tools for scientific instruments and articles for the handicapped. Permits the President to expand the scope of the duty-free treatment of the visual and auditory material. Modifies procedures to obtain duty-free eligibility for scientific appratus and provides for collection of statistical information for imports of articles for the handicapped. Retroactive to August 11, 1985.

Item	Present Law	Subcommittee Proposal
54. Certain work gloves	Work gloves produced from plastics or rubber-coated cotton fabric which has been cut into pieces and sewn together are classified in item 704.40 (woven) or 704.45 (not woven), with a col. 1 rate of 25% ad valorem in each case. Pre-sewn fabric gloves which are subsequently dipped in rubber or plastics are also classified here if the textile material is visible on the outer surfaces; otherwise, they fall in item 705.86, (col. 1 rate of 14% ad valorem), as gloves of rubber or plastics.	Amends headnote 5(a) to schedule 3 and headnote 1 to subpart 7-1-C to designate as textile products all gloves having a textile component which are coated, filled, impregnated, or laminated with, or dipped in rubber or plastics, thereby subjecting them all to the 25% ad valorem rate.
55. Slabs of iron or steel	Headnote 3(c) to subpart 6-2-B defines slabs as being "...not over 6 inches in thickness". Products over 6 inches thick, but otherwise meeting the slab definition, are classified as "ingots" (items 606.67 & 606.69) if continuously cast, or as "plates" (items 607.66, 607.72, 607.76, and 607.78) if rolled from ingots.	Redefines slabs by deleting "and not over 6 inches" from headnote 3(c). The effect is to change the col. 1 tariff treatment of slabs over 6 inches thick and rolled from ingots, as follows: -Carbon steel (reduced from 6% ad valorem to 4.2% ad valorem) -Stainless steel and tool steel (reduced from 9.5% ad valorem to 5.1% ad valorem) -Other alloy steel (increased from 3.8% ad val to 5.1% ad valorem
56. Extracorporeal shock wave lithotripters	Customs classifies extracorporeal shock wave lithotripters as "electro-surgical apparatus" under item 709.15, with a col. 1 rate of 7.9% ad valorem.	Amends article description of item 709.15 to "electro-surgical apparatus other than extracorporeal shock wave lithotripters", thereby changing the classification of these apparati to item 709.17 ("other electro-medical apparatus, and parts thereof"), with a col. 1 rate of 4.2% ad valorem retroactive to Dec. 31, 1982.

Item		Present Law	Subcommittee Proposal
		Non-profit organizations import extracorporeal shock wave lithotripters under item 709.15 with a col. 1 rate of 7.9% ad valorem.	Suspends col. 1 duty rates on extracorporeal shock wave lithotripters for non-profit organizations between Dec. 31, 1982, and Dec. 31, 1987.
57.	Silk yarn	Imports of colored, plied 100-percent silk yarn spun wholly from noncontinuous fibers enter under item 308.51 with a col. 1 rate of 5% ad valorem.	Suspends the duty on the subject yarn through Dec. 31, 1990.
58.	3-Ethylamino-p-cresol	Imports of 3-ethylamino-p-cresol enter under item 404.96, with a col. 1 rate of 7.8% ad valorem.	Suspends the col. 1 rate on 3-ethyl-amino-p-cresol through Dec. 31, 1990.
59.	Chlor amino base	Imports of chlor amino base (or 4-chloro-2,5-dimethoxy-aniline) enter under item 405.01, with a col. rate of 6.1% ad valorem.	Suspends the col. 1 duty on chlor amino base through Dec. 31, 1990.
60.	Certain organic chemicals	The current col. 1 rates for these chemicals are as follows: item — rate — chemical 405.82 — 13.5% ad val. — 2,2-Bis-(4-cyanatophenyl) 406.36 — 5.8% ad val. — Phenylmethyl-aminopyrazole 408.32 — 10.7% ad val. — Benzethonium chloride 425.42 — Duty-free — Malononitrile 427.58 — 5.6% ad val. — Metaldehyde 439.50 — 3.7% ad val. — Paraldehyde (U.S.P.)	Suspends col. 1 rates on these chemicals through Dec. 31, 1990.
61.	Nitro sulfon B	Imports of nitro sulfon B (or 3-nitrophenyl-4-beta-hydroxy-sulfone) enter under item 406.00, with a col. 1 rate of 6.7% ad valorem.	Suspends col. 1 duty on nitro sulfon B through Dec. 31, 1990.

Item	Present Law	Subcommittee Proposal
62. Terfenadone	Imports of terfenadone enter under item 406.42, with a col. 1 rate of 13.5% ad valorem.	Suspends col. 1 duty on terfenadone through Dec. 31, 1990.
63. Fluazifop-p-butyl	Imports of fluazifop-p-butyl (or Butyl(R)-2-[4-[[5-(trifluoromethyl)-2-pyridinyl]oxy]phenoxy]propanoate enter under item 408.23, with a col. 1 rate of 13.5% ad valorem.	Suspends duty on fluazifop-p-butyl through Dec. 31, 1990.
64. Sethoxydim	Unmixed sethoxydim is classifiable under item 430.20, with a col. 1 rate of 3.7% ad valorem. Other benzoid solutions would enter under item 407.19 with a col. 1 rate of 1.7 cents per lb. plus 13.6% ad valorem but not less than the highest rate applicable to any component compound (in this case, the highest component rate is 7.9% ad valorem).	Suspends the col. 1 duty on sethoxydim provided for in item 407.19 or 430.20 through Dec. 31, 1990.
65. Certain mixtures of polyacrylate polymers	Absorbent chemical material of one or more cross-linked sodium polyacrylate polymers are classifiable under item 430.20, with a col. 1 rate of 3.7% ad valorem, but not less than the highest rate applicable to any component compound.	Suspends duty on this material through Oct. 31, 1987, and provides for duty-free treatment retroactive to Jan. 31, 1987.
66. Cyclosporine	Imports of cyclosporine enter under item 439.30, with a col. 1 rate of 1.5% ad valorem.	Suspends duty on cyclosporine through Dec. 31, 1990.
67. Glass inners	Imports of glass inners enter under items 545.31, 545.34, 545.35, and 545.37, depending upon their capacity. Col. 1 rates are 2 cents each + 10.4% ad valorem, 2.8 cents each + 8% ad valorem, 4 cents each + 8% ad valorem, and 6 cents each + 8% ad valorem, respectively.	Reduces col. 1 rates for items 545.31, 545.34, 545.35, and 545.37 to a col. 1 rate of 9% ad valorem through Dec. 31, 1990.

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	Item	Present Law	Subcommittee Proposal
68.	Certain offset printing presses of the sheet-fed type weighing 3,500 pounds or more	Imports of the printing presses in question enter under item 668.21, with a col. 2 rate of 25% ad valorem. Parts are dutiable at the same rate under item 668.50.	Reduces the col. 2 rate for item 668.21 to 10% ad valorem through Dec. 31, 1990.
69.	Jacquard cards	Imports of jacquard cards enter under item 670.56, with a col. 1 rate of 7% ad valorem.	Suspends duty on jacquard cards through Dec. 31, 1990.
70.	Parts of certain photocopying machines	Imports of parts for indirect-process electrostatic photocopying machines enter under item 676.56, with a col. 1 rate of 3.9% ad valorem.	Suspends the col. 1 rates for parts for indirect-process electrostatic photocopiers provided for in item 676.56 through Dec. 31, 1990.
71.	Menthol feedstocks	Imports of menthol feedstocks (specifically, crude mixtures of optical isomers of menthol) are classifiable in item 407.19, but receive temporary duty-free treatment under item 907.13 (expires Dec. 31, 1987).	Continues current duty suspension through Dec. 31, 1990.
72.	Ethylbiphenyl isomer mixture	Imports of mixtures of 3-ethylbiphenyl and 4-ethylbiphenyl enter under item 407.19, with a col. 1 rate of 1.7 cents/lb. + 13.6% ad valorem, but not less than the highest rate applicable to any component material. Duty on these mixtures had been temporarily suspended through June 30, 1985.	Reinstates suspension of col. 1 duty on these mixtures retroactive to June 30, 1985, through December 31, 1990.
73.	Certain small toys and jewelry	Duties on small toys (except balloons, marbles, dice, and diecast vehicles) provided for in schedule 7, subparts 5D and 5E, valued not over 5 cents per unit; and jewelry (except parts) provided for in schedule 7, subpart 6A, valued not over 1.6 cents per piece, are temporarily suspended (item 912.20, expires Dec. 31, 1986).	Reinstates the duty-free treatment of these articles through Dec. 31, 1990. Retroactive to December 31, 1986.

	Item	Present Law	Subcommittee Proposal
74.	Pornography forfeiture	Current law concerning forfeiture of imported pornography has no express time limits within which forfeiture actions must begin or be decided (19 U.S.C. 1305). However, the Supreme Court has interpreted it to include two fixed time limits: (1) judicial proceedings must be instituted within 14 days of seizure; and (2) the final decision must be made within 60 days of filing action. Forfeiture proceedings are allowed only in the district where seizure occurs.	Adds new subsection "(C)" to 19 U.S.C. 1305 to extend time within which forfeiture action must be filed from 14 days to 30 days. Provides for stays of forfeiture action pending resolution of any related constitutional matter. Allows action to be filed in the district to which the seized matter is addressed.
		CUSTOMS AND OTHER NONTARIFF ITEMS	
75.	International Coffee Agreement	Sec. 2 of the International Coffee Agreement Act of 1980, as amended, gives the President authority to implement U.S. obligations under the International Coffee Agreement through Oct. 1, 1986.	Extends the President's implementing authority through Oct. 31, 1989. Retroactive to January 1, 1987.
76.	Sugar drawback	In order to qualify for drawback, sugar must be processed within 3 years, and exported within 5 years.	Adds new subsection "(n)" to sec. 313 of the Tariff Act of 1930 to allow drawback (refund) of import duties and section 22 fees (sec. 22 of the Agricultural Adjustment Act, as amended) paid on raw sugar imported from Nov. 1, 1977, to March 31, 1985, provided that production and export of the refined sugar or sugar-containing products occurs before Oct. 1, 1991. Export period extends through current expiration date of the domestic price-support program for sugar.

Item	Present Law	Subcommittee Proposal
		The Secretary of Agriculture, in conjunction with the Commissioner of Customs, shall study and report back to the Committees on Ways and Means and Finance by June 30, 1987, with respect to circumvention of the United States sugar quota through the importation of refined sugar in the form of blended products. The report shall address the severity of the problem, or lack thereof, and suggest concrete steps, as necessary, to prevent such circumvention.